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ALBANIA

Refugees flee life of poverty

Page 4

World News

Gorbachev issues an ultimatum to Lithuania

Soviet president Mikhail Gorbachev delivered an ultimatum containing a veiled threat of presidential rule for Lithuania unless it renounces its moves towards independence. Page 16

Chinese promise

China will soon conclude trials of all dissidents arrested after the suppression of pro-democracy demonstrations in 1989, a government spokesman said, promising a policy of leniency.

Pilot error blamed

An Indian Airlines Airbus A-320 crash at Bangalore in February 1989 was due to the failure of the pilots to maintain correct speed on approach to the runway, a court of inquiry decided. Page 6

Ex-minister guilty

Luis Arce Goméz, a former Bolivian interior minister, was convicted by a federal jury in Miami on two counts of cocaine conspiracy. He faces 30 years' jail. Page 6

Gang rapists jailed

Two more teenagers were jailed in the second trial stemming from the gang rape of a woman jogger in New York's Central Park. One was given five to 15 years and the other five to 10.

Deputy shot dead

Pakistan ordered troops into the south-western town of Jhang after a parliamentary deputy was shot dead as he arrived to vote in a by-election. A second man died in an apparent retaliation. Page 6

Passive smoking toll

An estimated 53,000 people die in the US each year from diseases caused by passive smoking and office workers are especially vulnerable, according to the American Heart Association journal.

Shrine dispute study

Hindu and Moslem leaders agreed to an expert study of their respective claims to the 400-year-old Ayodhya shrine that has brought down two Indian governments. Page 6

Nuclear waste ban

Dutch workers refused to load a ship with nuclear waste from a German plant, saying the cargo was too dangerous.

Curb on abortion

Czechoslovakia's parliament adopted a compromise bill of rights that could restrict abortion, used widely as a substitute for contraception.

Brokers convicted

A Chicago jury convicted 10 soyabean brokers and traders of fraud and racketeering. They will be sentenced later. Page 6

Cold kills 42

Cold weather sweeping through north eastern Bangladesh has killed eight more people, raising the toll to 42 in a week.

UFO fans warned

US space officials warned skywatchers that a mysterious bright glow above the western hemisphere over the next 16 days is not a squadron of UFOs but a satellite launched to study the earth's atmosphere.

Business Summary

Spanish group sells Ertoil division for Pta45bn

Ercros, the big Spanish chemical group whose majority shareholder is controlled by the Kuwait Investment Office (KIO), sold its petrochemical division, Ertoil to the Luxembourg-based investment group General Mediterranean Holding (GHM) for a reported Pta45bn ($478m). Page 17

MARKETS: Wall Street: The Dow Jones Industrial Average was 20.79 higher at 2,491.09 at 2pm. Tokyo: The Nikkei index closed at 23,047.36. Frankfurt: DAX index closed at 1,383.40. Back Page, Section II; Lex, Page 16

NORWAY'S government intervened in the deepening crisis in the country's banking system and proposed a NKr5bn ($843m) "bank insurance fund". Page 16

FORD Motor, the second largest automobile manufacturer in the US, confounded Wall Street speculation by maintaining its dividend in the face of a crumbling American car market. Page 17

DAIWA Securities, one of Japan's leading financial institutions, has signed a series of deals to provide consultancy and training for the establishment of a new Soviet stock exchange. Page 17

ARAMCO, Saudi Arabia's largest producer of crude oil, has adopted emergency evacuation procedures for employees caught in the firing line of a Gulf war. Page 3

TSB, UK bank group unveiled disappointing pre-tax profits for 1990 after making heavy losses on its corporate lending. Page 17; Lex, Page 16

SAATCHI & Saatchi, troubled UK-based advertising group, unveiled proposals for a radical reconstruction package. Page 17; Analysis, Page 25; Lex, Page 16

EUROPEAN aerospace companies including Aerospatiale of France, Deutsche Aerospace and Aeritalia plan to set up a new manufacturing consortium to build a range of 80 to 130-seat regional jets. Page 16

ITALY'S leading stockbroker welcomed the country's new law on stock exchange reform, which came into operation on Monday, Page 22

ZENITH Electronics, the last remaining US company that makes television sets, faces a fight to take control of its board from Nycor, a New Jersey company which makes air conditioners. Page 20

BRAZIL has authorised the country's first ever joint venture in the information technology industry. Page 6; Land Rover plant, Page 8

DIGITAL Equipment of the US, the second largest computer manufacturer, is to lay off up to 3,500 workers as part of continuing cost-cutting measures. Page 20

PAN AM, the US airline which filed for Chapter 11 bankruptcy earlier this week, is to return to the courts in the hope of getting its controversial plan to sell its Heathrow routes to United Airlines approved by the Bankruptcy Court judge.

Embassies abandoned as Baghdad exodus begins

By Mark Nicholson in London and Tony Walker in Baghdad

WESTERN embassies in Bagdhad were abandoned yesterday and civilians in the Gulf scrambled for every available flight to safety as the world was suddenly faced with the prospect of fighting in the Gulf.

Dozens of western officials were leaving Iraq either by air or across its land border with Jordan. British embassy staff, led by Mr Harold Walker, the ambassador, set off in a motor convoy for Jordan early yesterday.

US officials will leave on Saturday. Italy and Belgium said their diplomats would return home immediately, while most other European Community countries are also evacuating staff. A series of other developments added to a feeling that the Gulf was slipping towards war.

● Prices of North Sea brent crude oil for February followed Wednesday's $3 a barrel rise with a further 50 cents rise in very nervous trading.

● German police raided the homes of several Arabs, arresting two, and the country's main anti-terrorist force said it was taking seriously Iraq's threat to strike at targets in the west.

● Oil companies in the port of Rotterdam, site of the world's largest oil refinery complex, said they were stepping up security against possible Iraqi terrorist attacks arising from the crisis.

● Israeli security officials said they were preparing to impose a curfew on 1.5m Palestinians living in the occupied territories to crush revolt if a Gulf war breaks out.

● Lloyd's of London, the private insurance market, warned that war would spark heavy rises in shipping and aircraft insurance rates. The market also unveiled plans to open on Sundays for the first time in its 300-year history if hostilities break out.

● Relief agencies working in the Horn of Africa were preparing plans to help refugees amid estimates that 2m people might try and flee the war zone.

● The British government agreed procedures to cope with an oil shortage and convened the emergency oil supply committee – a relic of the 1940s – which could recommend rationing if the supplies of petrol and other products deteriorated.

In the Gulf, diplomats said they expected the evacuation of westerners to reach panic level in the next few days after the collapse of talks in Geneva.

Dhahran airport in Saudi Arabia's eastern province, 200km south of the Kuwaiti border, was packed with western expatriates seeking flights home, many fearing that Saudi Arabian airspace might soon be closed.

France stepped up the evacuation of its 30,000 citizens from the war-threatened Gulf region, sending two Air France airliners on an evacuation shuttle taking in Abu Dhabi, Doha, Manama, Riyadh and Amman.

Western embassies have already advised people in Bahrain, Qatar, the United Arab Emirates and Saudi Arabia's Eastern Province – all within reach of Iraqi missiles – to send dependents home before the UN deadline. Many had already left before Christmas.

Saudi Aramco, Saudi Arabia's biggest crude oil producer, yesterday adopted emergency evacuation procedures for its 14,000 expatriate employees based in the Eastern Province. Staff will be evacuated to Bahrain or the United Arab Emirates in case of war.

The US State Department, meanwhile, extended the reach of its warnings to American citizens by advising US citizens in Pakistan to leave for fear that they might become targets of attacks.

The State Department also urged its embassies in Algeria, Tunisia and Morocco to evacuate non-essential staff and families because of security risks stemming from the Gulf crisis, and advised US citizens against travelling in the area.

Gulf crisis, Page 2 and 3; KIO sells refinery, Page 17; Markets, Section II

Iraqi goodwill 'might leave room for progress' ● US Congress begins war debate

UN chief begins Gulf mission

By Tony Walker in Baghdad, Michael Littlejohns in New York, David Buchan in Brussels and Ian Davidson in Paris

AN eleventh-hour diplomatic effort to avert war in the Gulf gets under way today as Mr Javier Pérez de Cuéllar, the United Nations secretary-general, begins an internationally-backed mission which takes him to Europe and on to Iraq.

As he prepared to leave New York last night on what could be the most critical mission of his UN career, Mr Pérez de Cuéllar said that if Iraq showed goodwill "I think there is some room for making progress".

Since the Iraqi invasion of Kuwait on August 2, President Saddam Hussein has shown no sign of willingness to withdraw his forces in accordance with a series of UN Security Council resolutions, even in exchange for concessions suggested by European and other intermediaries.

A US-led multinational force in the Gulf is poised for an offensive to drive Iraq out of Kuwait after the January 15 deadline set by the UN.

Mr Pérez de Cuéllar acknowledged that the possibilities for flexibility in his negotiations were limited because "everybody's hands are tied" by UN resolutions.

Mr Gianni de Michelis, the Italian foreign minister, said yesterday that in Baghdad Mr Pérez de Cuéllar would offer to send a neutral UN force into Kuwait – without US or Saudi troops – if Iraq agreed to pull out.

"The UN is ready to organise a force that would enter Kuwait if Iraq withdrew and it will not include any of Iraq's enemies such as the Americans, Saudis or Egyptians. That is what Perez will propose", Mr de Michelis said.

Mr Francois Giuliani, the secretary-general's spokesman, said Mr Pérez de Cuéllar was not prepared to say at this stage what he might discuss, although he noted that the UN force idea had been put forward by the Nordic countries earlier this week.

The secretary-general's mission was arranged with the blessing of the US and the other four permanent members of the Security Council following the failure on Wednesday of Mr James Baker, US secretary of state, and Mr Tariq Aziz, his Iraqi counterpart to break the impasse at talks in Geneva.

As Mr Baker arrived in Saudi Arabia at the start of a tour of states in the frontline against Iraq, the US Congress yesterday at last began to debate whether force should be used in the Gulf.

Even critics of President George Bush's approach predicted that he would win broad endorsement for the use of force in votes over the weekend.

The Democrat leaders in both the Senate and the House produced draft resolutions urging that diplomacy and the international economic embargo against Iraq should be given more time to work before a decision is taken to use force.

But even the Democrats' resolutions do not rule out the eventual use of force.

Iraq's foreign minister returned to Baghdad yesterday to report to Mr Saddam on his talks in Geneva amid growing nervousness in Baghdad about the slide towards war.

Ina, the Iraqi news agency, reported the return of Mr Aziz without comment, in line with the official silence Baghdad had maintained throughout the day on the Geneva discussions. The Iraqi leadership was expected to meet late into the night to review the talks.

In Geneva today, Mr Pérez de Cuéllar will meet the foreign ministers of EC member states.

After convening a meeting of EC political directors, the Luxembourg presidency of the EC issued a statement expressing the Community's "full support" for Mr Pérez de Cuéllar's Baghdad mission, and reiterating the EC invitation to Mr Aziz to join talks.

Mr Aziz had on Wednesday turned down the EC's proposal to hold talks in Algiers.

The possibility, raised by President François Mitterrand and his ministers that France might attempt some freelance diplomacy in the last days before the January 15 deadline brought criticism from some EC members such as Denmark.

Mr Jean-Pierre Chevènement, France's defence minister, appealed to the US to make a "little gesture" in favour of an international Middle East peace conference, on the off-chance that this might help induce Iraq to withdraw from Kuwait.

House Republican minority leader Robert Michel announces the drafting by the House foreign affairs committee of a resolution authorising President George Bush to go to war

ON OTHER PAGES

Iraq bought satellite pictures of Kuwait

By Lionel Barber in Washington

IRAQ bought high-definition satellite photographs of Kuwait and Saudi Arabia from a French company specialising in photo-reconnaissance three months before the August 2 invasion.

The pictures contained sensitive information about roads, infrastructure and other installations helpful to a potential aggressor. Despite this, Spot-Image, a Toulouse-based business with close links to the French government and the US department of defence, went ahead with the sale.

The last batch of photographs was delivered to Baghdad on May 2 last year, and formed part of a contract signed in 1988 to provide satellite data.

Mr Gerard Brachet, Spot-Image's chairman, who was in Washington this week, defended the deal with Baghdad in an interview with the Financial Times: "Iraq was not an unusual customer or one which commanded special attention."

Spot-Image is the privately owned sales company for the French government's heavily subsidised satellite programme. It is supplying the Pentagon and other clients in the multinational coalition with photographs of the Gulf region.

Out of a total 20 pictures delivered by Spot, "five, three or seven" were deemed sensitive by the company.

These overlapping photo-

Continued on Page 16

Commission refuses to budge on offer to Gatt negotiators

By David Gardner in Brussels

THE European Commission yesterday refused to make a fresh offer to cut farm subsidies as a means of restarting the stalled Uruguay Round of trade talks.

The Commission said it had no mandate to move outside the framework of the offer agreed by member states in October to cut subsidies by 30 per cent.

However, the EC's international trading partners were urged to reconsider the Community's offer, which had been refined at last month's trade ministers' meeting in Brussels.

Mr Ray MacSharry, EC farm commissioner, and Mr Frans Andriessen, external relations commissioner, told Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, that they still believed the refined offer represented a real shift in the EC's traditional position on farm trade from which serious negotiations could restart.

But if the US – which rejected the offer last month, along with the 14-nation Cairns group of agricultural exporters – continued to insist on further movement as a prior condition to resuming the Round, the Commission would be unable to comply.

Mr Dunkel, who was visiting Brussels in an attempt to find ways to revive the Uruguay Round, is due to report next Tuesday to Gatt members on prospects of restarting the talks.

The refined offer has not been precisely detailed by the Commission or submitted in writing. However, it is understood to include:

● Internal subsidy cuts of 30 per cent over 10 years starting in 1989, not 1986 as originally proposed. This compares with a US demand for cuts of 75 per cent over the next 10 years;

● The EC would commit itself to allowing farm imports of "at least 3 per cent" of total consumption as well as moving gradually from variable levies to a system of fixed tariffs;

● Specific commitments to limit export subsidies either by cutting the volume of trade affected or the cash spent. The EC would not, however, cut export subsidies by 90 per cent as demanded by the US;

● The EC would apply its "rebalancing" concept, whereby farm trade protection could be increased on certain products, such as feedgrain substitutes like corn gluten, but not to oilseeds and soyabeans.

The refined offer already represents a significant policy concession in the Commission's view, and is not a final, but a negotiating, position. US and Cairns group officials have implicitly recognised this by casting doubt on whether the Commission could get such a package approved by EC member states.

Commission officials said the refined offer has not been formally endorsed by member states but they believed it would be approved in the context of a global package of trade reforms. The EC has been anxious to shift the emphasis of the talks away from just agriculture.

Weekend FT

Tomorrow: Robert O'Neill, war historian, on how Saddam will lose the battle and Bush will lose the peace

●

Travel plans for '91

CONTENTS

Exploring UK budget options in the absence of reforming zeal

Norman Lamont, the UK chancellor of the exchequer, is spending this weekend "in the country" in an exploration of the British government's budget options for 1991-92 Page 8

MARKETS

STERLING
New York lunchtime:
$1.9085
London:
$1.9060 (1.9265)
DM2.9200 (2.915)
FFr9.9025 (9.8925)
SFr2.4550 (2.4525)
Y256.50 (258.25)
£ index 93.80 (94.0)

GOLD
New York: Comex Feb
$392.1 (393.0)
London:
$390.25 (373.75)

N SEA OIL (Argus)
Brent Feb
$26.50 (22.525)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.56105
FFr5.193
SFr1.2855
Y134.4
London:
DM1.5315 (1.513)
FFr5.1950 (5.135)
SFr1.2875 (1.2735)
Y134.55 (134.0)
$ index 61.8 (61.5)
Tokyo close: Y135.1

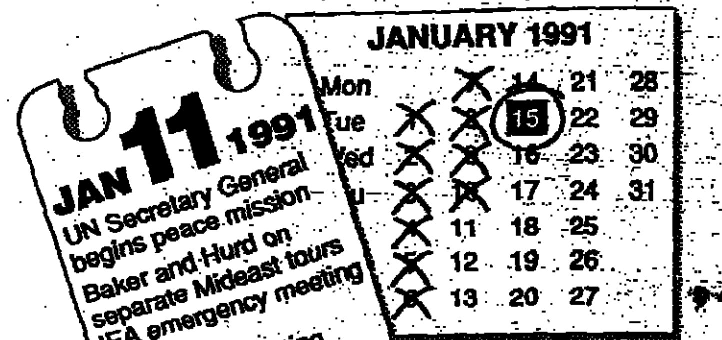
US lunchtime rates
Fed Funds $6\frac{9}{16}$%
3-mo Treasury Bills:
yield: 6.38%
Long Bond:
104
yield: 8.38%

STOCK INDICES
FT-SE 100:
2108.7 (-20.2)
FT Ordinary:
1650.3 (-18.2)
FT-A All-Share:
1,013.81 (−0.9%)
New York lunchtime
DJ Ind. Av.
2,486.88 (+16.58)
S&P Comp
313.13 (+1.64)
Tokyo: Nikkei
23,047.36 (+78.09)

LONDON MONEY
3-month interbank:
closing $13\frac{27}{32}$ (same)
Liffe long gilt future:
Mar $90\frac{1}{16}$ ($90\frac{5}{8}$)

هكذا من الأصل

Baghdad puts its faith in a defensive war - and God



BAGHDAD was jittery yesterday with a dwindling foreign community talking obsessively about evacuation plans and a local populace bracing itself for war.

Iraqis say they are resigned to war. "We grew up with war, we were weaned on war," one young man said, shrugging his shoulders expressively. "We are not afraid of war."

But the long queues at petrol stations show that residents are preparing to flee to the countryside should the city come under attack. Government warnings against stockpiling petrol seem to have had little effect.

Queues outside grocery stores are another sign that Baghdad residents are preparing for the worst. Rationed items are becoming scarcer, and food bought on the open market is beyond the means of many Iraqis.

The collapse of Wednesday's talks between Mr James Baker, the US Secretary of State, and his Iraqi counterpart, Mr Tariq Aziz, sharpened the sense of foreboding in Baghdad, but Iraqis seem fatalistic about the drift to war.

"Yesterday the news was better, today it is bad, maybe tomorrow it will be better again," said a young Iraqi medical student, who is exempted from war service because of his studies.

But despite lingering hopes of peace, the message appears to be getting through that war is more than a distant possibility. If nothing else, the sober words of Mr Aziz in Geneva will have served to emphasise the point.

"We have been getting ready for war since August 2," he told reporters. "We are brave people who have been mistreated."

President Saddam Hussein's threats to confront the US and make US troops "swim in their own blood" further diminished hopes of war being averted.

As if to emphasise the mood into which the leadership in Iraq has fallen, he declared: "We are not the type that bows to threats, and you will see the trap that America will fall into."

Western officials who had been maintaining there was a significant difference between Iraqi propaganda and the regime's private position are now not so sure. They wonder if the two strands are not merging in the collective will of the leadership, and more especially in the mind of one man: Saddam Hussein.

Some observers have compared the mood in Baghdad with that which prevailed in Hanoi at the time of the Vietnam war. Defiance mixed with bravado in the full glare of world attention is a heady brew, and it is being reinforced by the presence in the Iraqi capital of militants of various hues – among them leaders of the Palestine Liberation Organisation who probably believe now that they have little to lose – and who almost seem to be willing a confrontation with "imperialist America".

The call this week by Sheikh Asad al-Tamimi, leader of the emergent Islamic Jihad, a guerrilla organisation in Jordan, for Saddam Hussein to be declared Caliph or supreme ruler of the Arab world, harking back to Baghdad-based caliphs of the eighth and ninth centuries, is an example of the prevailing mood.

In the meantime Iraq's war preparations proceed, though there is little overt sign in the Iraqi capital itself of the country being placed on a war footing, apart from increased activity around anti-aircraft gun sites.

Masking tape has not yet begun appearing on windows as during Iranian missile attacks during the Gulf war.

While there are plenty of men in uniform on the streets – there always are in Baghdad – they do not predominate. But Mr Aziz was not bluffing when he said that Iraq had been "getting ready for war" since August 2. All indications are that the Iraqis have been assiduously preparing themselves, although western military strategists believe the country is poorly equipped to counter air attacks.

This week, the Iraqi press reported that 2,237km of roads had been built in the "operating theatre".

The minister responsible said the work had been completed in 140 days, and included additional bridges to ferry supplies into the southern sector. One of Iraq's fears must be that allied control of the air will sever its connections with its forces in and around Kuwait.

Iraq has also announced the acquisition of more sophisticated weaponry such as anti-aircraft missiles seized from Kuwait and a new "Awacs" radar surveillance aircraft described by local propaganda as "the unsleeping eye that guards our sky".

Iraq has been mobilising additional forces to boost its one million-strong military, more than 600,000 of whom are reported to be in and around Kuwait. The age for conscription has been cut by a year to 17 and all reservists are being called up.

It seems that, as was the case with the eight-year Gulf war, Baghdad is putting its faith in fighting a defensive war and, increasingly, judging by Saddam's statements, in God.

The Iraqi leader, who heads a hitherto determinedly secular party, is speaking more and more in religious terms, claiming God is on Iraq's side. While this has pleased Islamic militants, it is not clear that it has brought much joy to Iraqi military professionals who must be watching with growing apprehension the build-up of forces against Iraq.

But Saddam seems determined to maintain a defiant posture at all costs and to claim that Iraq has the capability to withstand anything the allied forces can throw at it.

On a visit to Kuwait earlier this month – his third reported visit since August 2 – he told his generals: "Let them mass whatever number they can because God will protect us from evil and save Iraq."

Tony Walker

Washington coming round to an acceptance of war

HOPE has not yet been abandoned for a peaceful solution to the Gulf crisis, but US administration officials and congressmen are coming round to accepting some form of military action over the next month.

The roller-coaster nature of the Baker/Aziz talks in Geneva – hopes raised by their unexpected length and then dashed by the subsequent press conferences – has added to the sense of uneasy gloom.

However, while saying he was "discouraged," President George Bush has been careful not to say that diplomatic efforts have yet failed. In fact, he cannot publicly move onto a war footing until after Congress votes over the weekend, probably to approve his Gulf policy.

Direct US/Iraqi contacts may have ended, but the US still sees scope for intermediaries, notably Mr Javier Pérez de Cuéllar, the UN Secretary-General, but also possibly the Algerians and the French, to try to convince President Saddam Hussein of the seriousness of the international coalition's intentions and willingness to use force.

The possibility of some third party other than the US being able to produce a last-minute solution, such as a United Nations transitional force in Kuwait, is not completely ruled out in Washington. Even a promise to withdraw partially might force a pause. But even such a limited concession is seen as a long shot after the Geneva talks.

President Bush does not want to shut down any diplomatic initiative until after the January 15 deadline, not only to give third parties a final chance, but also for domestic reasons, in being seen "to go the extra mile for peace".

Opinion polls show that, while the American public is divided on the use of force, support for Mr Bush is rising. It is the same in Congress, where the failure of the Geneva talks, and the refusal of the Iraqis to accept Mr Bush's letter, has undoubtedly strengthened Mr Bush's hand.

Even those who favour persisting with sanctions rather than immediate military action – such as Democratic Senator Sam Nunn and House Speaker Tom Foley – have been careful to play down their differences with Mr Bush.

Sen Nunn yesterday wrote in the Washington Post that President Saddam Hussein should not misread the congressional debate, however impassioned it may be. "If war occurs, the constitutional and policy debates will be suspended, and Congress will provide the American troops whatever they need to prevail. President Bush, Congress and the American people are united that you must leave Kuwait. We differ on whether these goals can best be accomplished by administering pain slowly with the economic blockade or by dishing it out in large doses with military power. Either way – you lose."

Mr Nunn's voice is that of a careful sceptic – and a possible Democratic presidential candidate next year – but not of the leader of an anti-war crusade. The number of outright opponents of war is, at least initially, limited.

In a sense, President Bush has always had most of the key political cards in his hand. His decision two months ago virtually to double the US forces in the Gulf created a momentum towards resolution of the crisis early this year. At that stage, the administration started to argue that sanctions alone would probably not be sufficient to force Iraq out of Kuwait. While some Democrats such as Sen Nunn objected at the time, Congress did not act and it may now in practice be too late.

Peter Riddell

Kuwaiti children play accordions while being taught to sing the Iraqi national anthem at a school in Kuwait City

Israeli timebomb among the Arab allies

"YES, absolutely yes," said Mr Tariq Aziz, the Iraqi foreign minister, when he was asked in Geneva on Wednesday if Iraq would attack Israel in the event of war in the Gulf.

His enthusiastic response was no more than a restatement of existing Iraqi policy, but the threat is causing profound concern in Israel and among the members of the multinational alliance in the Gulf as the danger of war increases.

Attack the worst enemy of the Arabs, President Saddam Hussein reasons, and America's Arab allies from outside the Gulf will immediately forget the Iraqi invasion of Kuwait and side with Baghdad against Israel and its paymasters in Washington.

Syria is probably the most vulnerable member of the multinational force to this Iraqi ploy: Jordanian officials even say that Syria – as well as Iraq – has promised to help if Israel invades Jordan.

Many ordinary Syrians, living under the harsh rule of President Hafez al-Assad, are privately sympathetic to his bitter foe – Mr Saddam – the time-honoured assumption that my enemy's enemy must be my friend.

The Syrian regime has taken the Saudi shilling for the tanks and soldiers it has sent to the front, but is acutely aware of the political dangers of too close an association with the Americans and has tried to distance itself from Washington. At the same time its security forces have suppressed pro-Iraqi demonstrations by Syrians and Palestinians.

In Egypt, by contrast, there has been widespread popular support for Mr Mubarak's policies in the Gulf and for his decision to commit 30,000 men to the alliance, although the anti-Iraq rage of the early days of the crisis has subsided.

President Saddam committed a grave error by allowing the mistreatment of Egyptian migrant labourers in Iraq before the crisis, and by making a false promise to Mr Mubarak that he would not invade Kuwait.

The support of Egypt is crucial for the credibility of the west in the Arab world, and even Egypt – despite the fact that it has diplomatic relations with Israel – would be put in a dilemma by Israeli involvement in any conflict.

Mr Mubarak was quoted as saying this week that he "would not agree to any Israeli intervention in any circumstances. We will immediately change our position to the opposite because we will never permit that."

So far President Saddam has played the Israeli card and his dubious Islamic credentials to the full. The alliance faces the possibility of public outrage from north Africa to Pakistan for preparing to attack a Moslem third world country.

The threatened Iraqi attack on Israel, however, may be a bluff.

With its inaccurate missiles, Iraq could probably inflict only minimal damage on Israel. Arab pride would be dented if the Israelis merely shrugged their shoulders and did nothing (as the US probably wants).

If the Israelis did react, Iraq would risk devastating retaliation and would have opened a second front to the west against a powerful and unpredictable enemy armed with nuclear weapons.

Victor Mallet and Max Rodenbeck

Israelis fear Palestinians in Gaza may back Iraq

ISRAEL'S worries about the security and military repercussions of war in the Gulf form a complex equation that embraces concerns about reactions in the occupied territories, Jordan and Syria as well as the oft-threatened Iraqi strike.

Israeli ministers have repeatedly promised a massive counter-strike if Iraq carries out its threat to attack, reiterated by Mr Tariq Aziz, the Iraqi Foreign Minister, in Geneva on Wednesday. However, such a response would have to take into account potentially dangerous reactions in neighbouring Arab territories.

Even if an Israeli-Iraqi armed clash does not materialise, war in the Gulf could still affect Israel's security.

The area of tension nearest at hand is in the occupied West Bank and Gaza Strip where Palestinian frustration at the lack of political progress has left pro-Iraqi sentiment running high.

In the event of war, the 1.5m occupied Palestinians would almost certainly be placed under rigid curfew.

Military officials make no secret of their intention to be ruthless should local Palestinians try to back Iraq.

Jordan poses a more complicated scenario. The most obvious route for any Israeli counter-attack on Iraq is through Jordanian airspace.

This might provoke defensive military action by Jordan where the heavily Palestinian population is also staunchly pro-Iraqi.

Mr Moshe Arens, Israel's defence minister, said on Wednesday that an Israeli strike on Iraq would not necessarily be routed through Jordan. He declined to say how this could be avoided without violating another Arab air-space, but this remark reflected Israeli awareness that provocation of conflict with Jordan would achieve exactly what Mr Saddam wants – to twist the Gulf conflict into an Arab-Israeli conflict.

The Jordanians have already appealed to Syria to come to their aid in the event of an Israeli attack. Israel is certainly extremely wary of the danger of drawing Syria into a fight. However, the Israelis believe that neither Syria, Saudi Arabia nor Egypt would pull back from their commitment to the US-led alliance as a result of an Israeli-Iraqi clash initiated by Baghdad.

But tension between Israel and Jordan is likely to be acute even if there is no Israeli-Iraqi clash. Israel fears that war-induced turmoil might unseat King Hussein, replacing him with a radical regime that would seek to stir up more violence in the occupied territories.

In that case, the temptation for Israel to advance across the Jordan River to remove the threat to the border might be great.

Hugh Carnegy

Jordan dismayed by threat of war between Iraq and Israel

JORDAN, which followed with dismay the deadlock at this week's US-Iraq talks in Geneva, fears that it will be squeezed in a confrontation between Israel and Iraq.

Baghdad has threatened to strike against Israel if the US-led multinational alliance attacks Iraq in an effort to drive Iraqi forces out of Kuwait.

Mr Mudar Badran, the Jordanian prime minister, said Jordan would consider any Israeli incursion through Jordanian territory to attack Iraq as a hostile act against the kingdom.

Jordan, he said, would seek Iraqi, Syrian and Egyptian help to fend off any Israeli offensive, and the US-led coalition would crumble if Israel became involved.

Jordanians were shocked by the failure of the talks between Mr James Baker, the US secretary of state, and Mr Tariq Aziz, the Iraqi foreign minister – the first top-level US-Iraq meeting since the Iraqi invasion of Kuwait in August – to make any progress.

But although Iraq is widely blamed in the west for refusing to withdraw from Kuwait, Mr Aziz made a strong impression on many Jordanians. They said they were proud of his defiance of what are seen here as US double standards and "American arrogance". Mr Aziz was described as endorsing "a dignified stance".

Jordanians were glued to their television sets on Wednesday night watching the two press conferences of Mr Aziz and Mr Baker, which were broadcast in full on Jordan's television.

If anything the Geneva talks have increased feelings of anti-Americanism and promoted a surge of pro-Iraqi feelings among Jordanians. A mass rally in support of Iraq is planned for Monday.

Over the last two months, the initial overwhelming popular support for Baghdad was tempered by accounts of Iraqi brutality in Kuwait, and pressure for an Iraqi withdrawal seemed to be increasing, although popular sentiment remained opposed to a US-led military intervention and to the destruction of Iraqi military power.

However, recent American statements – especially its rejection of linkage between the Gulf crisis and a solution to the Israeli Arab conflict – have fuelled strong hostility against western policy towards the Middle East.

One US-educated Jordanian, a former senior official, said: "I always thought that I was pro-American. Now I am very disillusioned that the US has been preaching morality and is insisting on pursuing double standards in the Middle East."

There are no signs of panic but some Jordanians – mostly from the élite – are trying to leave and all flights leaving Amman until January 15 are said to be fully booked.

Jordanians have started hoarding food and medicines in case they become difficult to find.

The army and the government-run public services are on alert and an atmosphere of apprehension prevails in the country.

Some Jordanians, including officials, are still hoping for a last-minute breakthrough in the Gulf, but many are bitter and believe that relations between Jordan and the west may never be the same again.

Lamis Andoni

Moscow asks Arafat to plead with Saddam

A TOP Soviet official met Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, in Tunis yesterday, to urge him to use his influence with President Saddam Hussein to reach a peaceful settlement in the Gulf crisis.

The latest Soviet attempt coincided with a new call from Moscow for "the most vigorous political and diplomatic efforts" to head off a military conflict in the five days remaining before the UN deadline expires for Iraq's retreat from Kuwait.

However, the Soviet Union is still maintaining a very strict adherence to every aspect of UN resolutions on the Gulf, insisting on complete Iraqi withdrawal, maintenance of January 15 as the deadline, no linkage with the Arab-Israeli conflict, and an acceptance that force may legitimately be used after the deadline expires.

Mr Anatoly Filev, head of the Soviet Foreign Ministry's Middle East and North Africa department, stressed to Mr Arafat "the great importance of opportunities, available to Palestinians, to influence positively the position of the Iraqi leadership," according to a Foreign Ministry spokesman in Moscow.

The move is the latest Soviet attempt to bring the sides together. On Tuesday, the Soviet ambassador in Baghdad delivered a message from the Soviet leadership "aimed at promoting an atmosphere conducive to a political settlement" at the Geneva talks between Mr James Baker and Mr Tariq Aziz, said Mr Vitaly Churkin, the Soviet spokesman.

He expressed regret at the failure of the talks.

Quentin Peel

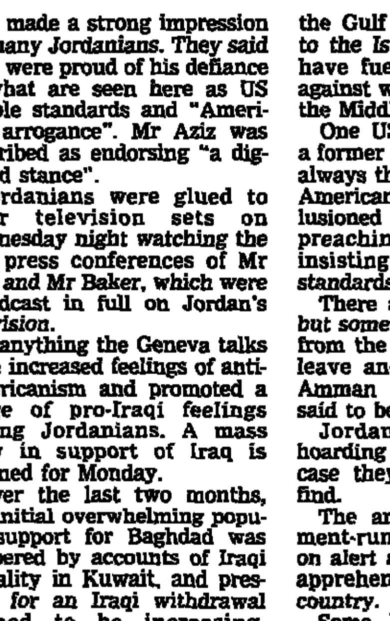
US retreat on Mid-East conference offers best hope of peace

THE failure of the US and Iraq to find a solution to the Gulf crisis in Geneva on Wednesday has undoubtedly increased the likelihood of war between Baghdad and the international coalition facing it. But in spite of all the harsh words pronounced Mr James Baker, the US Secretary of State, and Mr Tariq Aziz, his Iraqi opposite number, an armed conflict is still not a foregone conclusion.

Mr Baker said as much before leaving Geneva yesterday for Saudi Arabia and several other frontline allies of the US who have called on Iraq to evacuate Kuwait in line with 12 United Nations Security Council resolutions.

"I continue to believe that peace is possible. We certainly continue to strongly prefer a peaceful and political solution," Mr Baker said. Similar sentiments were voiced by Mr Barzan al-Takriti, President Saddam Hussein's influential half-brother, who flanked Mr Aziz at the Geneva talks. "The doors are still open to initiatives," he said.

The initiative which appears to have the best chance of success is that of Mr Javier Perez de Cuellar, the UN Secretary-General, if only because he has been welcomed as a mediator by both sides.



Perez de Cuellar: welcomed as mediator by both sides

For the moment at least, the efforts by the European Community to arrange a meeting with Mr Aziz in Algiers have foundered, following the Iraqi foreign minister's refusal to meet an EC ministerial delegation anywhere else but in Baghdad.

Mr Perez de Cuellar plans to fly to Baghdad on Friday, after a stop-over in Geneva where he is due to meet a ministerial delegation from the European Community.

It is not clear at the moment what more the UN Secretary-General can do than to repeat the need for Iraq to respect the UN resolutions calling upon it to withdraw from Kuwait. The hope, however slim, is that the Iraqis will be more willing at this late hour to make the kind of concessions to Mr Perez de Cuellar that they have refused to make to Mr Baker, albeit probably on conditions which have so far proved unacceptable to the US.

However, as the January 15 deadline, after which the international community has been authorised by the UN to use force to dislodge Iraq from Kuwait, looms closer, and the full consequences of a Middle East war are brought home to the American people, it is not impossible that Washington, too, might be prepared to make a move.

France, backed by the West Germans, has no doubts what the US should do, though President François Mitterrand has made it absolutely clear that an Iraqi withdrawal from Kuwait is a sine qua non of any settlement.

Mr Jean-Pierre Chevènement, the French Defence Minister, echoing a proposal made by President Mitterrand at the UN General Assembly last September, said yesterday that the US should make "a very small gesture" to Iraq by agreeing to hold an international conference on the Middle East, particularly to deal with the Palestinian problem.

Such linkage has been categorically refused by Washington so far since, in the words of Mr Baker, it would be tantamount to "rewarding an aggressor." But an agreement on these lines now looks to be the only way in which a bloody war can be averted.

What remains unclear, however, is whether, even if the US were prepared to subscribe to a deal on these lines, the Iraqis would agree to quit Kuwait, which President Saddam Hussein certainly did not annex to further the Palestinian cause. Mr Baker and Mr Aziz gave no more than a few vague hints that such a deal was discussed at their Geneva talks.

After saying at first that Mr Aziz had not given any indication that Iraq might withdraw from Kuwait, Mr Baker finally admitted that the Iraqi Foreign Minister had hinted at the possibility of a pull-out if there was linkage with international efforts to reach a broader Middle East settlement.

"I don't think he said that explicitly. I think, perhaps, it was implicit in his comments," the US Secretary of State said after the meeting. Faced with the same question, Mr Aziz gave a similarly ambiguous reply. "I did not put it that way," he said. "I told Baker that if you are ready to respect and implement international legality, the principles of justice and fairness as far as all the issues in the region are concerned, you will find us very co-operative."

A typical Iraqi way of fudging the real issue? No doubt. But it is probable that some substance is lurking behind this circumlocutory formulation. Having annexed Kuwait for purely material and imperial motives, Baghdad may now be looking for a way to back down while saving face. A way to do so would be to earn the gratitude and respect of the Arab world by obtaining concrete concessions to further the Palestinian cause through the organisation of a Middle East peace conference.

That is the difficult path which Mr Perez de Cuellar will have to explore. He himself said yesterday: "At some time, you know, this conference has to take place."

The UN Secretary-General brings to his task the moral authority of his office and he may also be helped by the fact that the "end game" is now taking place in the Gulf crisis, when concessions are traditionally made by protagonists in a conflict or negotiation. At best, however, his chances of success must still be rated as very slim.

Robert Mauthner

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Western families flee as deadline looms

By Richard Donkin and Neil Buckley

FAMILIES of western staff working for companies in the Gulf have begun leaving on scheduled flights before the January 15 deadline imposed by the United Nations on Iraq to get out of Kuwait.

Some executives, determined to stay in Saudi Arabia as long as they dare, have moved their families to Jeddah on the Red Sea coast but others appear to be ignoring embassy advice to evacuate immediate family.

Mr John Pratt, manager of British Airways in Riyadh, said: "Women and children have been queueing outside the British Embassy collecting their gas masks which indicates that many have decided to stay. I think the embassy advice has had a mixed response because most people don't see a tremendous amount of danger."

The British School in Riyadh which normally has about 950 children aged between four and 14 saw its numbers dwindle to 400 after the initial invasion of Kuwait in August. Mr Chris Gorski, the headmaster, said numbers had crept back to about 750 before Christmas but were back to 400 with expectations that only 230 children would be left next week.

Children, he said, had been issued with respirators and the school had was equipped with secure rooms containing emergency water and food supplies.

Mr Roland Dumas, the French foreign minister, yesterday advised the 30,000 French citizens living in the Gulf region to leave temporarily if possible. An Air France Airbus left Paris for Tel Aviv in the morning, to collect French citizens in Israel who had been unable to find passage home on regular airlines. A Boeing 747 was also due to touch down at Gulf capitals.

One observer in Riyadh said: "People are a little bit more nervous now but the most nervous ones left after the initial invasion. A lot of people have taken a long Christmas vacation, postponing their return until late January".

British Airways has laid on three extra flights from Riyadh on top of the two weekly scheduled flights and is running two extra flights from Dhahran.

According to a Saudia airline official, only BA, Turkish Airlines, Air India and Philippine Airlines were now flying into and out of Riyadh. Others had pulled out because of rising insurance premiums.

Mr David Langdown, technical manager of General Enterprise and Trading Corporation, a Saudi Arabian company based in Riyadh, and the only Briton on the staff, said most families would have left Saudi Arabia by January 15.

Mr Mike Vincent, manager, personnel and administration, Cable and Wireless (Saudi Arabia), said his company had advised employees to send their families home, and about 80 per cent had done so.

About 14,000 respirators were being distributed to British expatriates in Riyadh, Eastern Province and Tabuk, a oil company executive said.

The distribution of information to company staff in the Gulf appears to have been mixed. A company official at Aramco, the largest oil company in Saudi Arabia, said that he knew of Third World nationals working for some companies who had been given very little information about what to to do in a gas attack.

At Aramco, he said, staff had labels to stick on the outside of their windows. The labels changed colours in reaction to certain chemicals. "I have a cat myself and I'm keeping it outside. I reckon it will be a better indicator. We also have quite a few exotic birds here. The moment they start falling out of the trees will be the time to put on my gas mask."

A trader wearing a "Free Kuwait" badge on the floor of the London Stock Exchange yesterday reacts to the market fall

Diplomats rush to quit ghost town

By Mark Nicholson

BAGHDAD is starting to resemble a diplomatic ghost-town as western governments rush to bring home their representatives before Tuesday's United Nations deadline, while insisting that their embassies remain technically "open".

Wednesday's diplomatic impasse in Geneva has spurred several governments into putting into urgent effect contingency plans for evacuating officials from Baghdad as the danger of war looms.

European Community officials met yesterday to discuss a joint decision to evacuate their embassies, according to an Italian foreign ministry spokesman in Rome. Most European missions in the capital were waiting last night for instructions.

Some European countries, however, pre-empted a joint decision. Germany was the first to abandon its embassy, bringing home its remaining officials on Monday.

Italy and Belgium followed suit yesterday, announcing that their remaining diplomats would leave the capital by Tuesday.

Mr Harold Walker, Britain's ambassador to Iraq, and four of his remaining five staff left the UK embassy at dawn yesterday to drive 700 miles across the desert to safety in Jordan.

Mr Christopher Segar, the consul-general, stayed behind to monitor a court hearing involving a Briton, but is expected to leave once the hearing ends.

Australia, Japan and the Netherlands have announced plans to recall their diplomats in the next few days.

In each case, and even if all staff are to leave, governments have insisted that their embassies will remain technically open, since to call their missions "closed" would imply a break in diplomatic relations.

The US state department said yesterday its six remaining diplomats in Baghdad would return home tomorrow, after Mr James Baker, US secretary of state, won assurances in Geneva that they would not be hindered from leaving.

US missions in Algeria, Tunisia and Morocco, meanwhile, were also urged to send home non-essential staff and dependents because of security risks stemming from the Gulf crisis. The state department has already issued such advice to US embassies in Jordan, Sudan and Pakistan.

In Israel, UN units yesterday evacuated 400 staff and their families to Cyprus.

Aramco makes plans to move out staff

By Deborah Hargreaves and Richard Donkin

ARAMCO, Saudi Arabia's largest producer of crude oil, has adopted emergency evacuation procedures for employees caught in the firing line of a Gulf war. These map out in detail different layers of urgency which can be invoked as the severity of the situation builds.

Out of 48,000 staff, Aramco employs 14,000 foreigners in Saudi Arabia, 2,700 of them from the US and Canada. In recent years it has sought to reduce its dependence on foreigners by training local staff and now almost all oilfield operating positions are held by Saudis.

The company has plans to evacuate local people to Bahrain or the United Arab Emirates should they be threatened by the conflict.

"The evacuation will be based on who is most essential for running the plant," an official in the US said. "The last people to leave will be those who control the operation of the refineries."

A manager in Dhahran said that staff working out in the open in essential oil-producing areas had been issued with nuclear, biological and chemical (NBC) protection suits. All other staff and dependents had been given respirators.

Aramco, which produces almost all of Saudi Arabia's crude oil, has provided for evacuation by sea from one of its most vulnerable operations at Safaniya on the north-east coast. It has set up tents in Dhahran, the company's headquarters, to house employees evacuated from the north.

The company also has plans for an overland evacuation to a safer area in the southern Gulf.

Aramco said some western workers had resigned, but these had been in the "tens rather than the hundreds". The company says many of its helicopter pilots are US nationals, and foreign personnel are also critical in technical development such as mapping out oil reservoirs on computer, but are not essential to the day-to-day running of the oilfields.

All Aramco workers in Saudi Arabia were given a 15 per cent pay rise last year which the company says officially is to help defray the cost of keeping their families outside Saudi Arabia.

Some 1,500 dependents of Aramco foreign workers were evacuated in August and the company is preparing to receive up to 3,000 more in Houston and the Netherlands if war starts.

Other US oil companies such as Chevron and Exxon, which operate joint ventures in Saudi Arabia, have already moved out unnecessary staff and dependents, and are co-ordinating evacuation procedures for foreign personnel. Some companies are still recruiting westerners prepared to work in the Gulf following some resignations.

UK cabinet preparing for war

By John Mason and Ralph Atkins

BRITISH cabinet ministers yesterday intensified preparations for a possible war in the Gulf as Mr Douglas Hurd, foreign secretary, said sanctions were not working.

While ministers spent more than an hour discussing the Gulf crisis, including terrorist threats, Labour distanced itself from the government, saying sanctions had to be given more time.

However, both the government and Labour party welcomed the prospect of a peace initiative by Mr Javier Pérez de Cúellar, the UN secretary-general. Mr Neil Kinnock, opposition leader, pledged his party's support for British troops if they are sent into action.

The prime minister, Mr John Major, will open a Commons debate on the crisis on Tuesday, soon after MPs return from their Christmas holiday, amid a pessimistic atmosphere in Westminster and Whitehall after Wednesday's Geneva summit. He spoke to US President George Bush for 20 minutes yesterday about the summit and his Gulf trip.

Mr Major briefed the cabinet on his four-day trip to the Gulf, saying he was impressed with the morale of British forces stationed in Saudi Arabia.

Members of Labour's shadow cabinet, which met for day-long talks yesterday, deny any widespread internal rift but in previous Commons debates around 40 MPs have defied the party line. Liberal Democrat leader Mr Paddy Ashdown said chances of reaching a peaceful settlement stayed slim.

Lloyd's underwriter warns of big rise in airline premiums

By David Waller

A LEADING marine underwriter at Lloyd's of London warned yesterday that those airlines exposed to the threat of Iraq-inspired terrorism would be the next to face big increases in premiums.

Since the August invasion there have been steep rises in insurance costs for airlines either based in the Middle East or those which fly there. But the new threat could hit airlines wherever they operated, the underwriter said.

Mr Stephen Merrett, chairman of the Lloyd's Underwriters Association, said underwriters would have to satisfy themselves that the airlines had taken sensible measures to protect aircraft and passengers.

"We are concerned about the risk of terrorist damage in quite separate parts of the world [from the Gulf]," Mr Merrett said. "If the airlines are unresponsive, individual underwriters will either charge a higher rate or not quote a rate at all."

Mr Merrett said that airlines should refuse to operate from airports which did not have satisfactory security arrangements.

Other underwriters argued that it was "almost inevitable" that the incidence of terrorism would follow an outbreak of war next week, whether or not that war ended in a few days or not.

Mr Alan Lord, Lloyd's chief executive, said that if war broke out, the market was ready to open over a weekend to allow clients to review their insurance cover. This would be first time ever that the market has opened on a Sunday.

Paul Betts, Aerospace Correspondent, adds: Increases in insurance cover coupled with the expectations of even higher jet fuel prices in the event of a Gulf war are putting enormous pressure on airline operations and balance sheets.

Many airlines have already cancelled flights to the Middle East because of soaring war risk cover. The International Air Transport Association, which groups 200 airlines, has also said that insurance brokers had advised airlines they would introduce an exclusion zone for commercial flights in the troubled region on or before the January 15 deadline.

Fahd seeks peacekeeping force

By Philip Stephens in Riyadh

KING FAHD of Saudi Arabia has told western leaders that an international peacekeeping force must be established in the region once Iraq is forced to withdraw from Kuwait.

The Saudi leader, however, has ruled out the prospect of a permanent western military presence in his country. Instead he has suggested that a pan-Arab force in Saudi Arabia could be supplemented by the stationing of US and other western forces in Kuwait.

His views emerged yesterday amid growing expectation here that the deadlock in the talks with Mr James Baker, the US secretary of state, and Mr Tariq Aziz, the Iraqi foreign minister, in Geneva has made war inevitable.

The Saudi leader had also voiced privately his fears that Iraq would remain a permanent threat to the stability of the Gulf as long as President Saddam Hussein remained in power.

The diplomats said that their governments had been left with the impression that King Fahd hoped that a military defeat in Kuwait would fatally undermine the Iraqi leader's authority.

He had indicated, however, that domestic and pan-Arab political sensitivities would preclude the establishment of permanent US bases in Saudi Arabia even if Mr Saddam remained in power after his expulsion from Kuwait.

The gloomy prognosis of the Saudi leader about the prospect of an 11th-hour peace agreement was echoed yesterday by western military commanders. As US and British troops continued to move northwards towards the Kuwaiti border, there was speculation that hostilities might start within days of the passing of the January 15 deadline.

Senior British and US officers appear confident that their forces will be in a position to launch an attack next week.

MARKET REACTION

Nervousness about developments in the Middle East was apparent on world stock markets yesterday, although some traders registered mild optimism about a peaceful solution, writes Peter Marsh, Economics Correspondent.

Investors were generally cautious, unable to decide whether the lack of progress in Wednesday's talks in Geneva between Mr James Baker, US Secretary of State, and Mr Tariq Aziz, Iraq's Foreign Minister, made war more likely.

Hope was held out, however, that Saturday's visit to Baghdad by Mr Javier Pérez de Cuéllar, the UN Secretary General, might persuade Iraq to climb down.

Most bourses showed steadier nerves than had been apparent on Wall Street on Wednesday night, when the bleak news from Geneva sent the Dow Jones Industrial Average tumbling by 83 points between mid-session and the close.

Yesterday, the Dow reversed some of this fall. At mid-session it was quoted at 2,494.31, a gain of 24.01 on the day.

Wall Street had taken its cue from the Tokyo stock market, which early yesterday showed relative composure about the chances of a Middle East settlement. The Nikkei index closed at 23,047.36, up 78.09 or 0.34 per cent.

The Frankfurt stock exchange was up 0.6 per cent yesterday, while Paris, Amsterdam and Milan all edged lower by up to 3 per cent. In London, the FT-SE closed at 2,108.7, down 20.2.

On foreign exchange markets, the dollar settled down after the sharp rise on Wednesday after the Geneva talks ended.

War would kill thousands in Africa

By Julian Ozanne in Nairobi, William Keeling in Lagos, and Peter Montagnon in London

A LEADING aid official warned yesterday that if war in the Gulf halted or disrupted traffic through the Suez canal, the lives of millions of Ethiopians and Sudanese would be imperilled.

"The impact of any disruption to shipping through the Suez Canal and Red Sea on relief programmes to Sudan and Ethiopia at this critical time for deliveries of food would be devastating and would result in massive deaths of biblical proportions," said Mr Vincent O'Reilly, the Nairobi-based co-ordinator of the United Nations aid operations in Sudan.

Shipping officials in London said yesterday that Egypt would be unlikely to close the Suez Canal swiftly if war broke out because it would be reluctant to lose one of its main sources of revenue. However it might shut the waterway if it felt there was any danger from sabotage or mines.

Adding to the difficulties of dealing with the famine in the Horn of Africa could be the extra strain facing relief agencies of coping with a fresh flood of refugees, UK aid officials said yesterday.

According to some estimates, 2m people might try to flee the war zone. About 750,000 fled in August.

Relief agencies including the International Red Cross and the UN Commission for Refugees are preparing contingency plans for helping refugees. But they will almost certainly require funding by western governments, stretching the overall resources available.

One fear is that the uncertainty caused by the war may make some developing countries reluctant to sell food surpluses to relief agencies. Repercussions from the Gulf yesterday reached as far afield in Africa as Nigeria, the continent's most populous state.

In Lagos, the US embassy warned of "possible hostile acts" against its nationals in Nigeria, where Moslems make up nearly half of the 120m population.

President Ibrahim Babangida, himself a Moslem, has to take into account Nigeria's links with the west and the views of Nigerian Christians, while acknowledging pro-Iraqi sentiments in a Moslem community which includes extremists in its ranks.

Religious and political tensions are also increasing in Sudan, where Britain is considering withdrawing its diplomats and aid workers.

Security fears have been heightened by the release earlier this week of five Palestinians of the pro-Iraqi Abu Nidal faction, convicted for a 1988 hotel bombing which killed seven people including three British aid workers and their children.

There are also concerns about the possible disruption of international air traffic over Sudanese airspace in the event of war.

Western diplomats remained uncertain about the role of Sudan, which has a large coastline across the Red Sea from Saudi Arabia. Reports that Iraq has deployed 6-14 Scud surface-to-surface missile launchers in Sudan remain unconfirmed. Most western diplomats, however, doubt that Sudan will become involved in a Gulf war.

NEWS IN BRIEF

Kuwait planning for Iraqi withdrawal

THE KUWAITI government-in-exile has set up a high-level procurement and reconstruction team to buy supplies and assess infrastructural requirements in the event of an Iraqi withdrawal, writes David Owen.

The 40-strong team is composed of individuals from the principal public-service ministries and private authorities. Based in Washington, it is reporting direct to a ministerial-level committee in Saudi Arabia.

According to Mr Fawzi Hamad al-Sultan, a World Bank executive director with responsibilities for Kuwait and other Middle East countries, purchases of essential items that would be needed in the immediate aftermath of an Iraqi pull-out have already started.

War threat to east Europe

War in the Gulf will deepen the economic malaise of the industrialised world and deal a savage blow to the economies of eastern Europe and non-oil developing countries, according to Mr James Schlesinger, the former US defence secretary, writes Peter Norman, Economics Correspondent.

Mr Schlesinger, who has also headed the US Bureau of Budget and the Central Intelligence Agency, told a seminar he believed there was a 75 per cent chance of war. He saw no unequivocal winners, even if conflict proved be short-lived.

Israel may turn to IMF

Looming balance of payments difficulties caused by the Gulf crisis and the costs of financing a wave of Soviet Jewish immigration have prompted Israeli officials to consider borrowing from the International Monetary Fund for the first time in 15 years, writes Hugh Carnegy in Jerusalem.

The country is likely to have to borrow $20bn over the next several years.

'Ex-Iraqi oil minister arrested'

A Kurdish exile group said yesterday that Mr Issam Abdul-Rahim al-Chalabi, former Iraqi oil minister, was arrested on December 28 by Iraqi border guards as he tried to flee to Turkey, Reuter reports from Cairo.

The exiled Kurdistan Democratic Party (KDP) of Iraq said Mr Chalabi had been detained with members of his family near the Kurdish town of Zakho.

Bonn police raid Arabs' homes

Bonn police raided the homes of several Arabs and the country's main anti-terrorist force said yesterday it was taking seriously Iraq's threat to strike at targets in the West, Reuter reports from Bonn.

Emergency oil measures are agreed

By David Thomas, Resources Editor

EMERGENCY steps to cope with an oil shortage caused by a Gulf war have been agreed by the oil industry and UK government. The government has convened an emergency oil supply committee which could recommend rationing if the supply of petrol and other oil products deteriorates.

Gulf tension triggered petrol price rises yesterday. Texaco boosted prices 6.8p a gallon, bringing four-star leaded to 206.4p a gallon and unleaded to 192.7p. Texaco blamed rises in refined-products prices on the Rotterdam spot market.

Other oil companies could follow Texaco's lead within days. The government has convened the Oil Industry Emergency Committee, formed in the late 1940s but dormant between oil crises. The committee has representatives from the 14 leading UK oil companies and the government. It is chaired by Mr John Collins, chief executive of Shell UK; its director is Mr David Clayman, Esso UK managing director.

The committee will review plans to deal with an oil shortage, ultimately including rationing and speed limits to save petrol, especially if war disrupts supplies. But the government and oil industry are unlikely to favour rationing, as they believe oil supplies are adequate at present.

Rationing methods and other emergency steps are set out in a document known as the oil product allocation scheme. The government will aim to co-ordinate its response with other industrialised nations at International Energy Agency talks in Paris today.

French satellites map the world for profit

By William Dawkins in Paris

EVERY 26 days, each square inch of the earth's surface is scrutinised by the twin telescopes of Spot-2, a high resolution observation and picture-taking satellite owned by CNES, the French state space study centre.

Spot-Image, based in Toulouse and controlled by French government interests, was set up in 1982 to market, produce and distribute the pictures beamed down by the Spot series of satellites.

The thinking behind the launch of the first member of the Spot family, in February 1986, was to break the traditional dominance of US and Soviet military observation satellites. It had been strengthened by the arrival of the US Landsat civil satellite in 1972.

Spot prides itself on being able to produce photographs which can show details down to 10 metres in black and white or 20 metres in colour, as against the 30 metres offered by Landsat, which today remains Spot's main competitor.

The French CNES state space study centre is the biggest of Spot-Image's 18 shareholders, with a 34.5 per cent stake, and the sole owner of the satellites the company uses.

Until recently, Spot-Image has taken a strictly neutral view of its customers, happy to sell its pictures to anyone able to pay. That naturally changed with the outbreak of the Gulf conflict, since when it has vetted anyone buying photographs of the Middle East and says it has observed the embargo on trade with Iraq.

When a US newspaper revealed two months ago that the Iraqi secret services had illicitly obtained Spot pictures of the allied forces in the Gulf, the French company was not surprisingly taken aback. It insisted that it no longer sells to Iraqi customers.

Spot-Image's legitimate clients include the Pentagon, the Israeli military, the European Commission, which uses them for compiling agricultural data, and the World Bank. Spot photographs have been used by the French government to monitor the Chernobyl disaster and count Chinese missile launching stations and by the Norwegians to spot Soviet submarine bases.

CNES's first Spot-1 satellite, launched in February 1986 after a $500m development programme, reached the end of its useful life last year, when it was joined by Spot-2. A third is due for launch at the end of this year or early next, followed by a fourth in 1995. They are made by Matra, the French communications and electronics group, and launched by Ariane, the European rocket company.

After CNES, Matra is Spot-Image's second shareholder, with 23 per cent, followed by a consortium of other French state and private bodies, plus Swedish, Italian and Belgian state investors. Spot-Image has seen its revenues rise from just $5m in its first year in 1986, to an estimated $21m in 1990, at which rate the group estimates it should be covering its $30m running costs some time in the first half of this decade.

The largest single chunk of sales, around 30 per cent, are pictures for civilian and military map-making, where Spot pictures are used to check up on arms-cutting agreements. Agriculture is the second market, representing 20 per cent of sales, followed by geology, mining and oil exploration with 18 per cent, with the rest used for town planning, the press, and public works and other purposes.x

Recovery in Swedish economy forecast

By Robert Taylor in Stockholm

THE SWEDISH economy is expected to stage a strong export recovery next year, according to the 1991 budget. There should be a substantial fall in inflation but a rapid increase in unemployment.

Mr Allan Larsson, the finance minister, described his proposals for this year as "tough but responsible" and said Sweden was at a turning point, with better times ahead. There were no give-aways in the budget, even though a general election is only nine months away.

If wage increases cou.. be reduced rapidly, he said, Sweden's business downturn would be shortlived and a protracted unemployment crisis avoided as the inflation rate came into line with the country's main competitors.

Mr Larsson forecast improvements next year in industrial production and investment as well as private savings. This year's negative growth rate should be followed by a modest revival in 1992.

Fiscal policy would be tight for 1991-1992, he said, with SKr15bn (£1.4bn) worth of public spending cuts, in order achieve a balanced budget. His proposals suggest no new tax increases, but will do little to boost consumer demand.

Mr Larsson emphasised that Sweden's economic strategy must accord with the country's international economic integration, keeping its future membership of the European Community in mind.

The budget statement reaffirmed that there would be no change in the current fixed exchange rate policy to improve Sweden's competitiveness. It also insisted that "other ambitions and demands must be subordinated" to the conquest of inflation.

He stressed that the trade unions had to accept a two-year national wage restraint agreement, proposed by Sweden's independent pay mediation commission. Pressure will would be exerted on the white-collar unions which oppose such a the proposals over the next few weeks two-year wage restraint agreement to back the wage deal. Failure to curb wage increases would result in 50,000 lost jobs, said Mr Larsson, and would wreck his aim of bringing inflation down from 10 per cent to 2.5 per cent by 1992.

The budget says there can be "no general stimulus in demand" to stop any increase in registered unemployment, set to rise to 3.4 per cent in 1992 from the current 1.8 per cent.

Public spending must had to be cut as a proportion of Sweden's GDP gross domestic product "to make it possible to lower the tax burden in the longer run."

Several measures are to be introduced to create a more competitive market economy:

- Cheaper food with cuts in import tariffs and a shake-up in retail distribution.
- An investment of SKr20bn from public funds to stimulate business activity and a two-year Skr10bn programme to improve roads and railways.
- Reform of company law to make it easier for foreigners to acquire Swedish companies.
- Greater resources for education and training.
- Measures to increase the incentive to work.

There are also to be Skr15bn public spending cuts, mainly in the health service and housing.

Greece's small town lights lure Albanians

Refugees flee a life of manual labour for an uncertain future, writes **Kerin Hope**

Refugees from Albania queue for clothes and shoes at a reception area in Igoumenitsa

WHEN THE guard dogs at the Greek frontier post outside the village of Tsamantas start barking around midnight, the duty officer gets up to greet another group of Albanians who have tramped across a snow-covered mountainside looking for a better life in Greece.

"They appear out of the dark looking exhausted, shoes split, no overcoats ... the fit ones make it across in about eight hours but the stragglers are still coming in after dawn," he says. A dark line across the snow on a precipitous slope marks a path beaten out by several thousand refugees in the past two weeks.

According to Greek authorities, more than 5,000 Albanians have crossed the border into the north-western province of Epirus since Christmas. Most poured in after a rumour that Greece would close the border on January 1 swept through the southern villages. But up to 50 new arrivals are still turning up each night.

Border controls have reportedly slackened during the past year as Albania's communist government gradually relaxes the rigid isolationism of the past 40 years.

But the refugees said they preferred to trek high into the mountains to avoid Albanian frontier posts where guards are allowed to fire at will and barbed wire fences are better maintained.

The majority are farm workers in their early 20s from the ethnic Greek minority in southern Albania, known as north Epirus to the Greeks, who until recently maintained a territorial claim on the region. It was only three years ago that Greece and Albania ended the state of war left over from 1940 when Italy invaded Greece through north Epirus.

The North Epirots say they are fed up with manual labour on co-operative farms where the average monthly wage is 250 leks ($40) and living conditions are miserable.

"I'd never seen a toilet before, or a bath with taps for hot water. You couldn't buy soap in my village. We got water from a spring," said Mr Spiro Panto, 23.

The refugees also fear that as members of a minority, they may be the last to benefit from President Ramiz Alia's planned political and economic reforms. Little information about the newly founded independent Democratic Party, which will run against the ruling Albanian Party of Labour in the February 10 election, seems to have filtered through to them.

Some, however, simply grew impatient with waiting for the Greek embassy in Tirana to issue their visas. The penalty for attempting to leave the country illegally, up to 20 years in jail, is no longer applied and, as the influence of the Sigurimi, the Albanian secret police, declines, villagers openly discuss the possibility of crossing into Greece.

Passports have been more readily available since a mass exodus was permitted of several thousand Albanians who sought asylum in western embassies in Tirana last July.

"We paid 300 leks each to buy a passport but the visa queue was so long we just gave up," said Mrs Katerina Koraka, who brought her three young sons across after her husband turned back with a leg injury.

Official Greek reluctance to issue more than a minimum of visas reflects increasing fears that the country might be overwhelmed by a wave of Albanians of ethnic Greek origin.

The Albanian government puts the officially recognised minority in the southern provinces at 50,000. But Greece has long claimed a figure of 300,000 throughout the country, all of whom would automatically be eligible for Greek citizenship the moment they crossed the border.

Greece has appealed to the North Epirots to stay at home, while facilities at hastily prepared reception centres around Epirus are clearly not intended to be too comfortable. Several hundred North Epirots were moved into tents at an army camp near Ioannina, the provincial capital.

Others were taken to temporary accommodation in cheap hotels at a seaside resort, or to makeshift dormitories in a village orphanage.

The influx of Albanians has prompted the Mr Constantine Mitsotakis, the Greek prime minister, to arrange a visit to Tirana this weekend, the first ever by a Greek premier. He hopes to encourage Greek investment in Albania and to discuss how the two halves of Epirus can develop regular contacts.

Most refugees brought almost nothing with them, apart from a handful of non-convertible leks. A few, however, came with pre-war gold sovereigns left over from the days when North Epirot merchants and landowners were reckoned among the most prosperous diaspora Greeks.

Hundreds have already hitchhiked south looking for relatives, or jobs on construction sites.

In Ioannina, others loiter outside video shops and car showrooms. "It's like a dream being here. We saw Greek television but the pictures didn't tell you what it would be like," said Mr Polychronos Zigas, who made his living in Albania as an itinerant accordion player.

Fiat to lay off Italian workers for a week

By Haig Simonian in Milan

FIAT, the Italian automotive and industrial group, is laying off more than half its Italian car workers for a week next month in response to lower European demand and a fall in its market share at home.

The lay-offs will affect 65,000 of the 117,000 Fiat Auto workers at all its car assembly plants in Italy, with the exception of one commercial vehicles site. The latest round of lay-offs, which will reduce output by 40,000 vehicles this year, follows four weeks of closures at five of the group's nine Italian car assembly plants in the last three months of 1990.

Mr Paolo Gasca, head of industrial relations, warned that more lay-offs might be necessary this year. News of the lay-offs comes after news this week of a 0.6 per cent decline in Italian car sales in 1990 after six successive years of rises.

Total registrations in 1990 were 2,348,172 units, against 2,362,462 in 1989. Meanwhile, the Fiat group's car market share, which includes Lancia, Alfa Romeo and Ferrari, fell sharply to 52.9 per cent against 57.8 per cent in 1989.

The decline in the Fiat group's position was particularly marked in November and December, when its share of the market slipped below 50 per cent. A Fiat official attributed the year-end fall partly to a decision by buyers to hold back until new or improved models in parts of the range were introduced.

Fiat has been particularly hit by the success of the new Ford Fiesta, largely at the expense of its Uno model, which is not due to be replaced until 1992. Ford raised its Italian sales by 59 per cent last year, giving it a 7.7 per cent market share.

Fiat unions expressed disappointment at the latest round of lay-offs, but were pleased there have been no compulsory redundancies.

- Olivetti, the Italian computer maker, should reach agreement with unions today on a programme of temporary lay-offs involving up to 3,500 workers, a senior government official said, Reuter reports from Rome. The accord would operate until the government takes a final decision on a labour ministry proposal for a programme of early retirement in certain industrial sectors which are being hurt by the international economic slowdown.

Union sources said the company had agreed that all those temporarily laid off, and who did not qualify for eventual early retirement in 1990, would be reinstated by June. Olivetti, whose first half 1990 pre-tax profit fell 41 per cent says the lay-offs are vital if it is to remain competitive.

Soviet rail network 'faulty'

THE SOVIET rail system is in a critical state, with as much faulty equipment as in 1945, at the end of the Second World War, according to a top Soviet railway operator, writes Quentin Peel in Moscow.

Tens of thousands of kilometres of track are in urgent need of replacement, and one thousand switches are worn out "beyond any regulative standards," Mr Nikolai Mitin, head of the department responsible for track maintenance, told Tass, the official Soviet news agency.

He said increasingly frequent accidents on the huge rail system, the most important element in the country's freight transportation system, were largely caused by deterioration of the tracks.

Disruption on the railways has caused chronic supply problems in every sector of the Soviet economy, including food supplies, coal shipments, and the transportation of minerals, iron and steel.

"People's lives depend on officials in state committees for planning, and material and technical supply, who for years have been ignoring our urgent requirements," he said. "It is they who bear the majority of responsibility for the technical condition of rail tracks, not frosts, rains, snowfalls or corrosion." He said wooden sleepers were in the shortest supply. Instead of 22m delivered last year, the railways only received 12m.

Heavy investment in the railways is one of the biggest requirements for any revitalisation of the Soviet economy, but the central and republican governments are unable to provide any of the needed capital.

French warming to UK ideas on Ecu

By William Dawkins in Paris

BRITAIN'S latest proposals on the hard Ecu were welcomed yesterday by Mr Pierre Bérégovoy, the French Finance Minister.

He said he understood that Britain was now prepared to countenance the adoption of a single European currency if member states and their electorates agreed. This was a step forward from its position that the use of a single currency should only be decided by the markets.

"That is a change which is not without significance," he said. Mr Bérégovoy also gave his implicit support to Britain's idea of a hard Ecu which was first floated by Mr John Major, UK Prime Minister, last June, when he was still Chancellor of the Exchequer.

The latest UK Treasury ideas on the hard Ecu, tabled earlier this week, envisage it being managed by a politically independent European Monetary Fund. It would be used in parallel with national currencies but could evolve into the single currency.

It would enable European businesses to cut transaction costs and also help in the effort against inflation.

The hard Ecu and the EMF – both of which could be introduced after 1994 – could provide "a basis for an agreement [on Emu] which meets both British concerns and also the aspirations of our Community partners," according to UK Chancellor Norman Lamont who presented the proposals.

"If we together make a hard Ecu which becomes a common currency used in Europe, that is a good thing. If, beyond that, it becomes the single currency of the European Community – which is France's objective – that would be even better," said Mr Bérégovoy.

Britain's latest sign of flexibility in the debate on economic and monetary union has also attracted a cautious welcome from German, Belgian and Dutch officials.

An EC working group of national experts is due to discuss the plan for the first time in Brussels on January 15.

Mr Bérégovoy was speaking just before meeting Mr Karl Otto Pöhl, the Bundesbank president, when the minister said he wanted to discuss the increase in the German public sector budget deficit caused by the costs of unification and what this meant for German monetary policy.

The French minister has made no secret of his fears that the Bundesbank is preparing to raise interest rates soon to counter inflationary pressures.

This would put pressure on France to follow just at a time when it wants to keep its own rates low to keep the recession in check.

However, French ministry officials refused to comment on the meeting beyond saying that it was friendly.

- The meeting of the finance ministers and central bank governors of the Group of Seven leading industrial countries in New York on January 20 and 21 is coming "just at the right moment," Mr Bérégovoy said.

The sharp market movements triggered by the worsening Gulf crisis heightened the importance of international co-operation to stabilise currency movements. He launched the idea of a G7 meeting two months ago, primarily with the aim of discussing how to stem the dollar's fall.

Soares on course for second term

By Patrick Blum in Lisbon

PORTUGUESE ELECTIONS

Mario Soares

SHORT OF a last-minute upset, Mr Mario Soares, Portugal's president, is expected to be returned with a handsome majority for another five years in Sunday's election.

Yet neither he, nor his main opponents, comes out of the election campaign looking particularly clean, after two weeks of mud-slinging.

Mr Soares still has a commanding lead and is likely to win without the need for a second ballot. According to an opinion poll by Publico, a respected daily newspaper, his support stood at 62.5 per cent. None the less, this compares with more than 70 per cent before the campaign.

Publico gave his nearest opponent, Mr Basilio Horta, supported by the small right-wing CDS party, 17.2 per cent, Mr Carlos Carvalhas of the hard-line Communist party (PCP) 9.6 per cent, and Mr Carlos Marques, representing a mixed bag of far-left radicals and environmentalists, just 1.7 per cent.

About 9 per cent of those polled were still undecided, and abstentions could be close to 40 per cent. This high level reflects both popular weariness with a contest whose outcome looks predictable, and the nature of the campaign itself, which has been short on ideas and strong on insults. Much of the latter has come from Mr Horta, whose staunchly right-wing views hark back to the perceived glories and certainties of the former regime and Portugal's colonial past.

In an effort to build momentum for his campaign, Mr Horta has expended most of his energies on increasingly strident personal attacks on Mr Soares. He has accused the president of lying, called for his resignation, and hinted at corruption. to Portugal.

His attempt to focus on Mr Soares's Socialist background has won him some broader support from the ranks of the ruling right-of-centre Social Democratic party (PSD), but he remains dependent on support from a minority, albeit a sizeable one, from further right in the political spectrum.

Mr Soares, who skilfully shed his Socialist party ties after his election in 1986 to cultivate a non-partisan fatherly image as president of all Portuguese, has brushed off most of the criticism. He has run a polished if uninspiring campaign whose main themes have been unity and stability.

Of the other candidates, Mr Carvalhas, a Communist member of the European Parliament, has kept above the fray and won more support than expected for a campaign that has been straightforward and free of aggressive rhetoric. He will not win on Sunday, but he may draw disenchanted voters from Mr Soares.

Mr Anibal Cavaco Silva, the prime minister and PSD leader, is unlikely to be displeased with the outcome of the election. He argued successfully in the face of misgivings within his own party that the PSD should not field a candidate on the grounds that coexistence with the Socialist president worked well.

- Portugal's government has delayed the privatisation of the remaining 51 per cent of insurance company Alianca Seguradora SA because of uncertainty over the Gulf crisis, Finance Ministry sources said yesterday, Reuter reports from Lisbon.

They said the new date for the issue on the Oporto stock market, originally planned for January 29, would only be set after January 15 when the situation in the Gulf became clearer.

Business on Portugal's two small bourses in Lisbon and Oporto is at its most sluggish since the slump following the 1987 world stock market crash, and some officials worry that the government's ambitious privatisation programme could suffer.

Market sources said that if the Alianca sell-off was pushed back greatly there could also be delays in other privatisations expected this year. These include stakes in insurance firm Bonanca and finance company Sociedade Financeira Portuguesa.

EUROPE IN BRIEF

Poles turn back Soviet army train

Poland has turned back a Soviet train carrying armed troops and tanks from Germany to the Ukraine in the first known incident of its kind, a railways spokesman said yesterday, Reuter reports from Warsaw.

The spokesman said Polish army border guards stopped the train on Monday near the northwestern port of Szczecin because its transit to Medyka at the Soviet frontier, some 800 km away, had not been agreed with the Polish authorities. The train, carrying some 200 soldiers and nine tanks, returned to Germany after two hours of arguing.

Warsaw and Moscow are currently negotiating transit arrangements for the 370,000 troops which the Soviet Union must withdraw from the territory of former East Germany by 1994.

Crude steel output declines

World output of crude steel fell by 14.1m tonnes to 769.4m tonnes last year, principally because of the difficulties experienced by the biggest producer, the Soviet Union, and the east European countries, writes William Dullforce in Geneva.

In an initial report on the steel market in 1990, the United Nations Economic Commission for Europe records a 2.7 per cent decline to 155.8m tonnes in Soviet production and a slump of 14.7 per cent, or 8.7m tonnes, in output by the six east European states (including the former East Germany).

German trade surplus shrinks

Germany's overall trade surplus shrank to DM3.3bn in November from DM8.4bn in October, writes Katharine Campbell in Frankfurt.

The current account surplus was DM1.3bn, after DM6.7bn in Ocober.

While other major industrial countries slip into recession, the Germany economy has continued to grow and import, while exports, hurt by the strong D-Mark and the downturn in Germany's trading partners, have fallen back.

Exports fell 6.6 per cent compared with the previous month to DM58.37bn, while imports rose 1.7 per cent to DM55.079bn. For the whole of 1989 Germany produced a record trade surplus of DM135bn.

Oil restrictions by Commission

The European Commission has told car manufacturers that they can legitimately prevent their dealers from using certain kinds of oil in servicing their cars but cannot discriminate between brands, writes Lucy Kellaway in Brussels.

The decision comes at a time when Brussels is looking carefully at all restrictive agreements between car manufacturers and their distribution networks for serious abuses of competition.

Austria aims to join EFTA

Austria fully intends to join the 12-nation European Community (EC) despite being chairman of the European Free Trade Association (EFTA) for the next six months, the country's ambassador to the EC said on Thursday, Reuter reports from Brussels.

"It remains our first priority to pursue our membership application," Mr Wolfgang Wolte told a news conference called to launch Austria's chairmanship of the seven-country EFTA.

But he said this would not hinder plans to forge a 19-country single market – to be known as the European Economic Area (EEA) – with the EC by next June.

"We can pursue the EEA and membership application in parallel for the simple reason these two roads are oriented towards the same goal. There's no contradiction in this regard," he added.

US embassy man detained

A US embassy spokesman who once wrote speeches for Berlin's governing mayor has been arrested for allegedly spying for the Soviet KGB, a city spokesman said yesterday, Reuter reports from Berlin.

South African-born Stephen Laufer was detained on Tuesday on a warrant issued by Germany's federal prosecutor.

$800m in loans for Warsaw

Poland said yesterday it expected new World Bank loans of up to $800m by the end of June and that talks with the International Monetary Fund (IMF) on a new three-year agreement might start next week, Reuter reports from Warsaw.

Prime Minister Jan Krzysztof Bielecki said after the meeting with the head of the Bank's mission in Poland, Mr David Hume, that he was promised a loan of $600m to $800m to finance projects in energy saving, restructuring of industry, housing and communications.

Czechs pass abortion bill

Czechoslovakia's parliament has adopted a bill of rights that could restrict abortion, used widely as a substitute for contraception, Reuter reports from Prague.

The bill, which also confirms the abolition of the death penalty first adopted last May, was passed on Wednesday night with only one vote against.

Teargas fired on students

Greek riot police fired thousands of rounds of teargas to disperse rampaging students in central Athens after a mass march to protest against the killing of a teacher and planned educational reforms, police said, Reuter reports from Athens.

Witnesses said the fierce pitched battles were some of the worst fighting seen in Athens in years and four ambulances carried people to hospitals.

The number of casualties was not immediately known. About 500 riot police fought hundreds of protesters who threw rocks, swung wooden clubs, blocked streets with burning cars and smashed shop windows, the witnesses said.

Soviet TV bans programme

Soviet television authorities have temporarily dropped a controversial current affairs programme after twice vetoing items on the resignation of Foreign Minister Mr Eduard Shevardnadze, Reuter reports from Moscow.

The State Committee on Television and Radio, suspended Vzglyad (Viewpoint), which has an audience of 90 million, for two weeks.

The weekly programme was twice banned from showing reports about Mr Shevardnadze's resignation last month, apparently because the issue is regarded as politically ultra-sensitive.

Mr Alexei Kuzevanov, the first Soviet soldier allowed to remain in Czechoslovakia, shows the card confirming his official refugee status. Mr Kuzevanov, said he hid in an "illegal flat" for two months before he was granted political asylum, Reuter reports from Prague.

هكذا من الأصل

Italy agrees loans and credit deal for Algeria of $7bn

By Francis Ghilès

ITALY has agreed to extend a package of loans worth $7bn (£3.6bn) to Algeria. Initial agreement was reached between the two countries during the visit President Chadli Bendjedid paid to Rome on December 20.

The Algerian head of state and his foreign minister, Mr Sid Ahmed Ghozali, were touring European capitals in an attempt to mediate between the west and Iraq over the Gulf crisis.

The package of loans, which is of the same order as that extended by Italy to the Soviet Union earlier last year, is meant as a gesture towards North Africa's largest country, which is engaged in bold reforms aimed at liberalising its political and economic system.

Hence a first tranche of $2.5bn is earmarked for the refinancing, over the next seven years, of Italian state-guaranteed credits which fall due between January 1991 and January 1993. The remaining $4.5bn, which will have to be raised through banks, will be spent on the purchase of Italian goods and services.

This package must also be set in the context of Italy's decision to virtually double the amount of natural gas it will buy from Algeria over the next five years, which will lead to the doubling of the trans-med pipeline which, for the past 10 years has carried Algerian gas across Tunisia and the straits of Sicily to Italy.

ENI, the Italian state-owned energy and chemicals group, has agreed to take 9bn cubic metres of gas a year more between 1994 and 1996 while ENEL, the state electricity company, is close to agreement with Algeria's state oil and gas monopoly about the purchase of a further 5bn cubic metres of gas a year. Last year, Italy was Algeria's largest hydrocarbon export market. Algeria and Italy have also agreed to set up a joint bank.

This move will be particularly welcome in Algiers, where the Banque d'Algérie is eager to attract foreign companies and banks following the liberalisation of investment laws last April.

The private Saudi group Al Baraka was the first foreign group to set up both a joint bank and a joint leasing company with Algerian partners.

The three leading French state banks, Société Générale, Crédit Lyonnais and Banque Nationale de Paris, only have representative offices in Algiers.

Japan to improve status of Koreans

By John Ridding in Seoul

JAPAN yesterday announced it would abolish its system of fingerprinting Korean residents in Japan and implement a number of other measures aimed at improving their legal status.

The measures, announced on the final day of a two-day visit to Seoul by Mr Toshiki Kaifu, the Japanese prime minister, were welcomed by Mr Roh Tae Woo, South Korea's president.

They resolve one of the principal irritants in relations between the two countries since the end of Japan's 1910-1945 colonial rule of Korea.

"I want the Korean residents to bridge the gap between the two countries in promoting mutual understanding. We are now ready for future-oriented relations with Japan," Mr Roh said.

Under the terms of an agreement signed by the foreign ministers of the two countries, fingerprinting of the 680,000 Koreans resident in Japan will cease by the end of 1992.

About 300,000 other foreigners in Japan will also be exempted.

Seoul has long demanded the end of fingerprinting for Korean residents, many of whom are descendants of Koreans shipped to Japan for forced labour during the Second World War.

In addition, Japan yesterday agreed to give expanded job opportunities to Korean residents, to ease regulations on the deportation of Korean residents and to extend to five years, from the current one year, the period within which Koreans are allowed to re-enter Japan after leaving the country. All third and later generation Koreans living in Japan will also be given permanent resident status. Despite the official welcome given to the steps, some South Korean newspapers expressed disappointment that the system of fingerprinting was not abolished immediately.

Some also said that Japan was not doing enough to end the social discrimination facing Koreans living in Japan. During his second round of talks with Mr Kaifu, Mr Roh also called for steps to reduce South Korea's widening trade deficit with Japan. Last year, the deficit increased by more than 50 per cent to a record $6.09bn (£3.15bn).

Japanese Prime Minister Kaifu (right) before talks in Seoul yesterday with President Roh Tae Woo

Pilot error blamed for Indian air crash

By David Housego in New Delhi

THE crash of an Indian Airlines Airbus A-320 at Bangalore in February 1989 was due to the failure of the pilots to maintain correct speed on approach to the runway, according to a court of inquiry which reported yesterday.

The Airbus crash resulted in the death of 92 people and a government decision to ground the airline's fleet of 18 for several months. Domestic flights of the A-320 were only resumed last month after the fall of Mr V.P. Singh's administration and the formation of a new government under Mr Chandra Shekar.

The court of inquiry, under Justice K. Shivashankar Bhat, sees the probable cause of the crash in a pilot mistake of selecting an altitude of 700ft 35 seconds before impact, instead of a vertical speed of 700ft. The report says that the vertical speed and altitude knobs on the flight control unit are close to each other.

The result of this mistake, the report says, was that the engines of the airliner – which had been at a higher altitude – went into idle/descent mode.

"Failure of the pilots to realise the gravity of the situation" meant that they lost precious moments before opening the throttle of the engines. When they did so it was already too late.

In the wake of the crash, Mr V.P. Singh's administration alleged that Airbus Industrie, the manufacturers of the A-320, had paid illegal commissions to the former government of Mr Rajiv Gandhi to secure orders for the aircraft – allegations that Airbus Industrie has denied.

The grounding of its A-320 fleet cost Indian Airlines Rs1.7bn (£49m).

'Precious moments were lost' before throttle was opened

The report says there "was no defect reported on the airframe, engines and their systems" prior to the crash – though it records one observation about the computer controls.

The report says the accident could have been avoided if Bangalore had been equipped with an instrument landing system (ILS). This is denied by the government in comments on the report.

The court of inquiry also makes clear that fewer lives would have been lost if fire engines had been able rapidly to reach the site of the crash which was near the airport building.

Eighty people died as a result of the fire in the front of their aircraft.

Thai worries about Iraqi debts

By Paul Taylor, Asia Business Correspondent, in Bangkok

THAI rice exporters at a recent meeting expressed increasing concern about the prospects for repayment of the baht 2bn (£42m) Iraq owes them.

Nine Thai companies are each owed baht 200m-300m for high-grade rice which was exported to Iraq in 1989, before the Gulf crisis erupted. In December, the exporters, Huay Chuan Rice, Soon Hua Deng, Capital Rice, Hong Yeah Seng, Thai Hua, Seng Thong, Chaiyaporn Rice, Siam Rice and Kitiporn, sent a letter to the Iraqi authorities seeking information about the overdue payments.

While the initial Iraqi response was said to be "positive" Baghdad is more recently reported to have told the Thai companies that it is unable to pay the debts because its assets have been frozen by countries complying with the UN trade embargo resolutions.

The Thai rice exporters' concerns have been heightened by the open support which Thailand's Foreign Ministry gave last week to the US-led effort to persuade Iraq to withdraw from Kuwait. While the ministry's stand has won the endorsement of the prime minister, Mr Chatichai Choonhavan, it has also drawn criticism from the parliamentary opposition, which has argued that Thailand's involvement in the Gulf crisis is too costly.

Although the Thai rice exporters have received the approval of the Bank of Thailand, the central bank, to extend so-called packing credits by six months, several of the companies are now expressing concern that Baghdad may default on the credits and doubt that the Thai government would bail them out.

While Thailand remains the world's main rice exporting nation, the exporters' plight has been heightened by growing competition, particularly from Vietnam, which is emerging as an exporter of cheap, high-quality rice, and by a series of problems caused by pests and other calamities which have hit Thai production.

● The Gulf crisis is adding considerably to the costs of the mostly foreign investors in Thailand's baht 30bn second petrochemical complex at Ma Ta Phud on Thailand's eastern seaboard, causing some of them to delay or re-evaluate planned downstream projects, according to Thai Olefins (TOC) and Aromatics (TAC).

Among prospective investors are Toyo Engineering of Japan for the Olefins plant, a consortium comprising Chiyoda and Progetti Lavori, which is bidding for the TAC's aromatics plant contract, and a UK-Thai consortium, led by ICI of the UK, which has reportedly delayed opening tenders on a plant to produce PTA (Pure Terephthalic Acid) used in the production of polyester fibre.

Kaifu to launch regional initiative in Thailand

By Paul Taylor

JAPAN'S prime minister, Mr Toshiki Kaifu, who arrives in Bangkok next week at the end of a five-nation Asean tour, is expected to call for a new partnership between Japan and South East Asian nations aimed at resolving the conflict in Cambodia and rebuilding the economies of Indochina.

Diplomats in Bangkok believe Mr Kaifu will use his three-day visit starting on January 18 as a launching pad for a significant foreign policy initiative, emphasising Japan's desire to strengthen its relations with Asean (Association of South East Asian Nations) countries and Tokyo's willingness to play an active role resolving the Cambodian war, and then rebuilding regional economies.

The Japanese ambassador to Thailand, Mr Hisahiko Okazaki, told the Nation English-language newspaper in Bangkok that Mr Kaifu's expected policy speech in Bangkok would amount to a restatement of the so-called Fukuda Doctrine, which was unveiled in March 1977 in Manila by the then Japanese prime minister, Mr Takeo Fukuda.

The doctrine called for a dialogue between Asean nations and Indochina but was never really put into effect because of Vietnam's invasion of Cambodia the following year.

With the prospects for peace now improving, albeit at a painfully slow pace, it appears that Tokyo is now ready to play a more active role.

Japanese direct investment in Thailand remains strong. By some estimates a new Japanese factory opens here every three days.

More than 800 investment projects valued at about $5.5bn (£2.8bn) have been approved over the last four years.

Four consortia bidding for computer deal

FOUR international consortia have submitted final bids for a baht 2bn (£42m) project to computerise the Thailand revenue department's operations – the biggest project of its type in the country, Paul Taylor writes.

The four groups, which submitted their bids last week, are a consortium led by IBM; one led by Digital Equipment's Thai subsidiary; a consortium comprising Siam Unisys, Yip In Tsoi and SGV-Andersen Consulting; and a consortium led by Japan's NEC. A decision on awarding the contract is due in April.

The contract involves installing two big mainframes at the Bangkok headquarters, nine medium-sized mainframes in district revenue Offices, and 48 small mainframes in the provinces together with desk-top computers. The project is due to begin this year.

NEWS IN BRIEF

Indian religious leaders hopeful on temple row

HINDU and Moslem leaders yesterday met to resolve a dispute over a shrine and said the talks gave hope of an end to religious violence which has killed hundreds and brought down two governments, Reuter reports from New Delhi.

Mr Javed Habib, a Moslem leader, said after a third round of talks: "The hope that we can reach an honourable settlement is still alive." Both sides agreed to set up expert groups to examine documents backing their respective claims to the 400-year-old shrine in Ayodhya, Uttar Pradesh.

Mr Habib said Moslem leaders would name their experts next week to submit by January 24 their views on documents backing a Hindu claim to the site where a mosque now stands. Hindus believe Moghul Emperor Babur demolished a temple to Lord Rama, the most popular god in their pantheon, to construct a mosque. Moslems say there was no temple at the site.

Menem condemns 'insult' by US

President Carlos Menem of Argentina (right) has bitterly attacked the US embassy in Buenos Aires for accusing his government of corruption. He called the accusation an "insult", John Barham writes from Buenos Aires.

Mr Terence Todman, the US ambassador, said he had sent the government two letters complaining of bureaucratic delays to American investments and mentioned one case of attempted corruption. Mr Menem said he would ask Mr Todman to explain himself. Businessmen and diplomats claim that corruption in Argentina has got out of hand.

UK to finance Zimbabwe trucks

Britain is to provide £24.7m in development aid grant to Zimbabwe to help finance a £70.6m order for trucks which has been placed with ERF of Cheshire and AWD of Dunstable, Peter Montagnon writes.

The money, from the government's aid and trade provision, is part of a loan package arranged by Chartered WestLB with the backing of the Export Credits Guarantee Department (ECGD).

Bankers say the deal is a classic of its kind under the aid and trade provision.

On the one hand, it helps the government meet a development policy objective of upgrading Zimbabwe's transport, and is also providing work for the truck makers and their suppliers at a time of severe market downturn.

Swedish investment in S Africa

The Swedish government has given its permission to SKF, the world's largest roller-bearing company, to invest SKr10m (£920,000) in its existing ball-bearing plant in South Africa, it was announced yesterday, Robert Taylor writes from Stockholm.

The trade minister, Ms Anita Gradin, was anxious to emphasise that the decision was in line with Sweden's existing ban on investments to South Africa begun in July 1979 and did not break the sanctions policy.

The investment is aimed at improving working conditions in SKF's plant at Uitenhage, just outside Port Elizabeth.

Election killings in Pakistan

The Pakistani authorities yesterday ordered more troops into the south-western town of Jhang, some 250 miles from Islamabad, after a parliamentary deputy was shot dead, Farhan Bokhari writes from Islamabad.

Mr Esarul Haq Qasmi, an MP and leader of a Sunni Moslem group, was shot as he arrived at a polling station to cast his vote in yesterday's parliamentary by-elections. Police arrested six people in connection with the killing.

Later, the nephew of a candidate opposed to Mr Qasmi's group was killed by gunmen.

Singapore manufacturing boost

Manufacturing investment commitments in Singapore rose 27 per cent to S$2.48bn (£74[illegible]m) in 1990 after a 2.5 per cent fall in 1989, the state-run Economic Development Board (EDB) said, Reuter reports from Singapore. The commitments were made mostly by foreign companies, with local portion totalling S$266.8m against S$333m in 1989.

EDB chairman Philip Yeo said uncertainties in the Gulf and the weakening of the US and other economies "will cloud our investment promotion efforts" in 1991.

Whisky lobby in Taiwan protest

New liberalised duties on imported spirits announced in Taiwan drew strong protests yesterday from the Scotch whisky industry, Philip Rawstorne writes.

Under the proposals, due to be introduced on April 1, the duty on Scotch whisky will be almost three times as high as that on bourbon and other US whiskies. Mr Bill Bewsher, director general of the Scotch Whisky Association, said yesterday: "The decision to liberalise the market for Scotch whisky is welcome, but such liberalisation can only work fairly if it includes a uniform duty rate for all spirits."

IBM in Brazilian joint venture

By Christina Lamb in Rio de Janeiro

THE Brazilian government has authorised the country's first joint venture in the information technology industry.

The project between IBM and the Brazilian company SID to produce microcomputers is the first concrete manifestation of the intention of the government of President Fernando Collor de Mello to liberalise the computer sector. It is also IBM's first joint venture in the world to produce one of its principal lines.

IBM and SID are the first to take advantage of the government's decision in October to allow joint ventures.

But information technology remains the most protected sector of Brazil's highly protected economy. A market reserve still operates, prohibiting the import of many products, including facsimile machines.

Although IBM has a strong presence in Brazil it is forbidden to import microcomputers. Scientists estimate that the protection policy has left Brazil a generation out of date on computers and on average information equipment in Brazil costs three times the price outside.

In this first project, estimated at $3.5m (£1.8m), IBM is to provide technology and put up 30 per cent of the capital – the maximum possible under the conditions set by the Collor government.

According to Mr José Goldemberg, the science and technology minister, it aims to produce microcomputers for "personal use but more sophisticated than available here and at more attractive prices".

The PS/2 line to be produced was launched by IBM in 1987. Mr Antonio Gil, president of SID, said he expected the venture, which will be based in São Paulo, to be operational within three months and the first Brazilian model to be launched by the beginning of next year.

He said: "We aim to produce between 200,000 and 250,000 units over the next four years." To start with, parts will be imported but gradually the index of national input will be increased.

Announcing the authorisation, Mr Goldemberg said: "We hope that as we open up, foreign companies will choose this route, producing in Brazil with Brazilian companies and generating employment here rather than simply opting for the solution of importing products."

To increase the competitiveness of its national computer industry the Brazilian government also announced an investment of $840m in the sector over the next three years.

'Minister of cocaine' faces 30 years in jail

A FORMER colonel once known as Bolivia's "minister of cocaine" could get 30 years in prison after being convicted of conspiring to smuggle the drug into the US, AP reports from Miami.

A federal jury took two hours on Wednesday to convict Mr Luis Arce Goméz, interior minister under Bolivia's military junta in the early 1980s.

"We never gave up. We kept looking for him," said Mr James Shedd, a spokesman for the Drug Enforcement Administration.

"He was in charge of a government that became the worst thing we can envision – a government involved in the production and distribution of cocaine."

The defence lawyer, Mr Stephen Finja, said he would appeal. Sentencing was set for March 22.

Ten Chicago brokers and traders convicted of fraud

By Barbara Durr in Washington

THE US government achieved a breakthrough in its investigation of trading fraud in the futures markets this week when a Chicago federal jury convicted 10 soyabean brokers and traders of fraud and racketeering.

The convictions appeared to breathe life into the government's efforts to fight fraud in the Chicago trading pits. The investigation had stalled after the government failed last summer to win convictions of three Swiss franc futures traders on most charges against them.

In the latest trial, the second of three, six brokers and four traders of soyabeans from the Chicago Board of Trade faced more than 300 charges including racketeering, mail and wire fraud and violations of the Commodities Exchange Act.

Only one of the nine charged with racketeering was acquitted of that charge.

Each racketeering count carries maximum penalties of 20 years in prison, a $250,000 (£130,000) fine and forfeiture of personal assets. Sentencing will come later.

During the trial, which began on September 10, prosecutors alleged that the defendants engaged in illegal after-hours trading known as "curb trading", in which brokers passed along losses to independent traders in return for profitable trades later.

Those convicted this week were among 48 people indicted for fraud in 1989 after a two-year Federal Bureau of Investigation inquiry. Federal prosecutors said their investigations would continue and more indictments were promised.

Changing trade patterns put canal widening on hold

The Panama authorities may instead decide to let transit times exceed 24 hours, reports Tim Coone

PLANS to widen the narrowest part of the Panama Canal to boost handling capacity have been placed on hold as a result of the latest traffic projections by the Panama Canal Commission (PCC).

Changes in world trade patterns have modified the PCC's traffic forecasts to the point where the $400m (£207m) projected widening of the Gaillard Cut could well be postponed until the end of the decade, close to the December 31 1999 deadline when the US is to cede control over the canal to Panama.

US fears over possible deterioration in the administration of the canal after this date lay behind the December 1989 invasion to oust General Manuel Antonio Noriega and his Panamanian Defence Forces.

The invasion solved that problem and cleared the way for more amicable relations between Panama and the US over investment decisions in the canal, such as the Gaillard Cut widening. It seems that decision may now be left to the Panamanians themselves anyway, given the PCC's latest traffic forecasts.

According to studies by the executive planning division of the PCC, the "pinch point", when average transit time through the waterway will take longer than 24 hours, will not occur until the year 2007 or 2008. This is some 10 years later than previous estimates made as recently as two years ago by the canal's then-deputy administrator, Mr Fernando Manfredo.

The Gaillard Cut is the 70km waterway's narrowest point, and is named after the US engineer who built it at the beginning of the century. Here the canal had to be blasted through a hill of solid rock.

Large "Panamax" ships are at present restricted to one-way and daytime-only operation through it. An average of 33 ships a day use the canal. One-fifth are the large "Panamax" ships, wider than 100ft (the lock chambers are 110ft wide).

Widening the cut to permit two-way operation of these vessels would cost an estimated $400m. However, according to Mr Richard Wainio, director of the executive planning division of the PCC, "we would only do it if the shipping world considers it useful and shippers are willing to pay the price."

He said the project as at present planned would require an 11-year construction period, and would be financed out of toll revenue. Tolls would have to be raised some 10 per cent above their present $2.01 per net ton, as the canal is run only to break even.

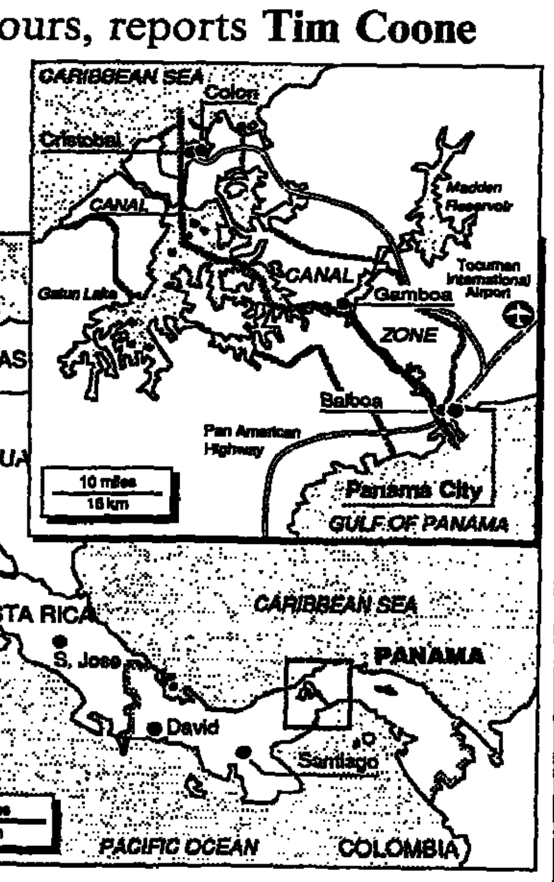
PCC statistics show that traffic through the canal has not grown significantly during the past decade. The trans-isthmus oil pipeline, transport using the US rail network, and the international relocation of Japanese manufacturing facilities have all taken business away. Most significantly, container and car traffic, the highest revenue earners for the PCC, are down. Containers on the US-Far East trade are being diverted to the US west coast and the US rail network. The opening of Japanese car making facilities in the US has reduced car shipments.

Mr Wainio says the Panamanians might reasonably opt not to widen the cut, and instead use more commercial criteria in the canal's operation, by allowing average transit times to extend beyond 24 hours, which would run the canal at its full capacity and maximise income without making big investments. The Gaillard Cut project could thus be postponed for several decades.

The recent Gulf crisis however, and a sudden shift in trade routes, might have caused planners in Washington to consider hastening the project's start before the canal is handed over in 1999.

According to Mr Wainio, movements of petroleum products and phosphate rocks through the canal have surged since August. Far Eastern buyers have stepped up purchases of US refined products to replace the loss of Iraqi supplies, and concern over the continuity of phosphate rock supplies from Jordan in the event of a Middle East war has resulted in greater trade between Florida suppliers and the Far East. Venezuela and Ecuador have also stepped in as important new oil suppliers to the Latin America and US markets, he said.

A long-term shift in trade patterns however, such as might be caused by the outbreak of war, could once again modify the PCC's traffic forecasts and thereby its investment plans. "All long-term forecasts are subject to modification," Mr Wainio admitted.



Telecoms watchdog approves lower accounting rates for transatlantic calls

Carsberg urges cheaper calls to US

By Charles Leadbeater, Industrial Editor

SIR BRYAN Carsberg, the director general of Oftel, the telecommunications industry regulator, yesterday urged British Telecom and Mercury Communications, to cut prices for telephone calls to the US after approving sharply lower accounting rates for transatlantic calls.

The accounting rates, which set the amount which BT and Mercury pay their foreign counterparts for carrying a call to its final destination, will be almost halved in the next three years. The route between the UK and the US is the busiest intercontinental route in the world.

BT has blamed artificially high accounting rates for the high levels of call charges. It makes large profits on its international services.

Sir Bryan said reduced accounting rates should lead to cuts in prices for international calls so that they are closer to the costs of providing the service. This would help to stimulate international traffic, he said.

However, BT refused to commit itself to any cuts in transatlantic charges. The company said any move on international prices would have to await the outcome of its discussions with Oftel and the Department of Trade and Industry over the introduction of a cap on international phone charges.

Mercury said the cut in accounting rates would not lead to any dramatic reduction in call charges as accounting rates were only one factor in determining prices.

Oftel announced in October that it was planning to cap BT's international calls charges in view of the company's high profit margins on these services. The negotiations over the price cap are expected to be concluded within the next few weeks.

Sir Bryan said he hoped the agreement to cut accounting rates for calls to the US would lead to similar reductions on other routes.

In a separate development, Sir Bryan gave a London conference further details of how Oftel and the government intend to introduce greater competition into the UK telecommunications market. The move follows the publication of consultative proposals last November.

Sir Bryan said that equal access – one of the central proposals that would allow local customers to choose which long distance carrier to use by dialling a special code – would only be introduced if a telecommunications provider were to press for it strongly in order to promote greater competition.

Labour to fight election on tax and inflation

By John Mason

THE opposition Labour Party's intention of basing its campaign strategy from now until the next general election on the economy and the new poll tax was endorsed yesterday.

At a biannual strategy meeting of its "shadow cabinet", members based their confidence upon private polls carried out for the party demonstrating considerable public concern about the future prospects for the economy.

A senior party source said public concern about rising unemployment is increasing with people concerned that service industries and the financial sector could suffer during the recession.

Mr John Smith, the opposition spokesman on economic affairs, said this was something that Conservative MPs would have to answer for to their electorates.

He said all the current economic problems could be traced directly to the government's incompetence in creating a boom simply to help themselves win the 1987 election. He pointed out that despite the benefits of North Sea oil Britain's competitiveness still lagged behind its EC partners. The polls also suggest that Labour's support has remained firm at about 40 per cent since Mr Major became prime minister.

Electricity privatisation

Package designed to deprive investors of easy profits

By David Thomas and Clare Pearson

A PACKAGE of measures designed to deprive City of London investors of easy profits in the two generating companies heading for privatisation by the government was announced yesterday.

The measures are likely to dismay some investing institutions, already smarting following this week's decision by the government to retain a 40 per cent stake in National Power and PowerGen after their flotation next month.

The proposals were unveiled at the launch of the marketing campaign for the two generators when the government confirmed that investors will have to buy units of shares in both companies at a common price.

This arrangement is designed to stop investors favouring one company over another.

Each company's shares will be traded separately after dealings start.

Further controversy arose over the issue yesterday when the opposition Labour party threatened to use the government's stake to intervene in the companies if it came to power after the next general election – which must by called by the end of 1992.

Labour opposes the cost-cutting plans of the companies, notably for more coal imports and new gas-fired power stations.

Kleinwort Benson, financial adviser to the government, has devised an unusual way of selling shares to institutions in an attempt to avoid charges of underpricing made after the sale of the 12 regional electricity companies last month.

Some shares will be held back for underwriting institutions which will be invited, just before dealings start, to bid for them at levels above the fixed price at which most of the issue will be sold.

Before this price is struck, financial intermediaries both in the UK and overseas will be required to submit reports on levels of demand among their clients.

In addition Kleinwort Benson is considering whether primary underwriters – banks who initially take on the risk – can be cut out altogether. But details of the idea are not yet clear.

Some investing institutions and merchant bankers reacted sceptically. "It looks too clever by half," one said.

Incentives in the form of cash discounts off the share price and loyalty shares will be offered to individual investors, Kleinwort Benson said.

Kleinwort also said it intends to undertake more than usually thorough research into institutional demand before setting the share price. Payment will be in two instalments, with the minimum investment likely to be £500 on a fully-paid basis.

The government is considering whether it will nominate directors and what form a golden share in the companies could take.

Mr John Wakeham, energy secretary, yesterday did not rule out all government intervention in the companies, although he stressed that management would be left to manage.

He said: "Our position as shareholder in the company will be the same as any other shareholder.

We have power to influence and vote at the annual meeting but we shall not sit there and run the day-to-day affairs of the company or seek to interfere in that sort of way."

Observer, Page 14
Electricity company results, Page 24

BRITAIN IN BRIEF

Barclays makes stern wage offer

Barclays Bank made a stern start to the banking pay round by offering a 7 per cent rise to 75,000 staff. The bank declared its belief in the need for lower pay settlements nationally to help reduce inflation and interest rates.

Barclays' offer was immediately rejected by both the Barclays Group Staff Union and Bifu, the financial services union. A Barclays settlement is likely to influence strongly other banking settlements in April.

The offer comes at the start of what is likely to be a tough bargaining year for the clearing banks and other financial services companies.

Coal sales are likely to slump

British Coal's sales to UK industry are likely to fall dramatically over the next 10 years, according to a report on the £300m-a-year industrial coal market.

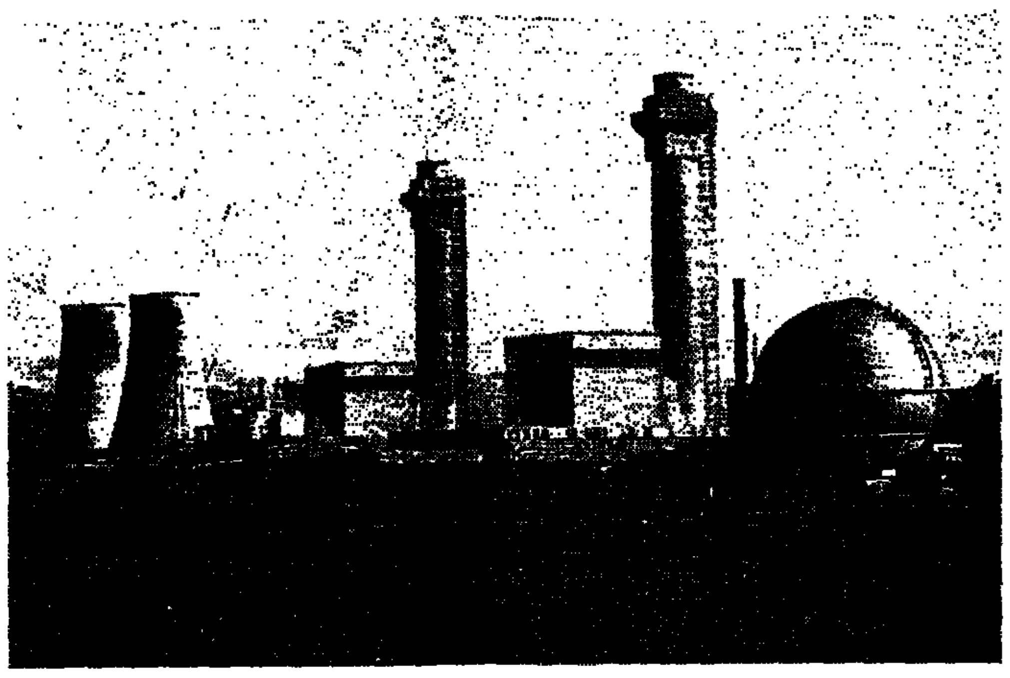
The report predicts annual sales of only 1m tonnes by the end of the decade, compared with 6.5m tonnes last year. Imported coal and gas will replace much of British Coal's lost business, while the market itself will shrink – primarily because of the environmental need to curb sulphur dioxide emissions.

New term for fair trade chief

Sir Gordon Borrie, director general of fair trading, has been reappointed for a further year when his present term of office expires in June.

The move, announced by Mr Peter Lilley, trade and industry secretary, ends recent speculation over Sir Gordon's successor.

Sir Gordon was first appointed as director general in 1976, replacing the late Sir John Methven, and has been reappointed twice.



British Nuclear Fuels may extend compensation plan

British Nuclear Fuels may extend its radiation compensation scheme to cover all external contract employees working at BNF sites. The move follows the record payment of £150,000 to the widow of a contract worker who died of leukaemia after being exposed to high doses of radiation at the Sellafield nuclear reprocessing plant (above) in north west England. BNF said the payment to Mrs Brenda Dunn, whose husband died of chronic myeloid leukaemia at the age of 31, was the maximum award payable under the company's compensation scheme.

Bus merger is reversed

Stagecoach Holdings, one of Britain's biggest and most acquisitive bus groups, has bowed to a government ruling that it should unwind its takeover of Portsmouth Citybus.

It has agreed to sell the company's routes and assets to Transit Holdings for an undisclosed sum.

This is the first occasion since the deregulation of Britain's bus industry in 1986 that a bus company merger has been reversed as a result of government intervention.

Verdict in credit card case

Eight London businessmen and shopowners involved in an international "mafia-style" multi-million-pound credit card fraud have been jailed.

Companies including Visa, Access, American Express and Diners Club lost more than £1.5m from the fraud.

The conspiracy involved obtaining details of credit and charge cards during genuine transactions and using them to prepare so-called "white plastic" cards.

Ice cream plant to close down

Bird Eye Wall's, Britain's largest ice-cream manufacturer, is to close its Leeds factory, in the north of England, with the loss of 180 jobs. The factory is due to close in April.

The move will leave Gloucester, with annual capacity of 130m litres, as Wall's only factory in the UK. The Treats plant at Leeds, which had made ice lollies and other ice-cream products since 1954, was only one-tenth the size.

Redevelopment wins go-ahead

Businessman Peter de Savary's £200m plan to redevelop a run-down fishing harbour as a huge leisure complex has been given the go-ahead by planners.

The scheme, comprising 1,000 luxury homes and holiday accommodation for 3,500 people in Cornwall, in south-west England, will now go before the local council for final approval.

Mr de Savary earlier overcame protests from conservationists by agreeing to sell nearby land to the Royal Society for the Protection of Birds for £1.

Warmest year on record

Last year was the warmest since records began, according to the Meteorological Office, whose announcement will be widely viewed as supporting evidence for global warming.

Global average temperatures were 0.05 C higher in 1990 than during 1988, the previous highest year. Last year was particularly warm in Europe, western Siberia, the Far East, most of the US and southern Canada. March was easily the warmest on record.

Six of the seven warmest years since records began 140 years ago have all occurred since 1980, the Met Office said.

LAND ROVER

Brazilian plant to make British cars

By John Griffiths

LAND ROVER, the four-wheel-drive subsidiary of Rover Group, is setting up a Brazilian subsidiary which could lead to production of up to 18,000 vehicles a year from 1993 onwards.

Such a plant would represent a major expansion for Land Rover, whose production of 68,621 vehicles last year was a record.

The venture, if its main objectives are achieved, would require the use of a high level of Brazilian-sourced components, and would represent Land Rover's first integrated overseas manufacturing venture.

Currently, there are seven Land Rover assembly operations around the world but none in Latin America. Production at the exisiting overseas plants relies on kits supplied by Land Rover's UK manufacturing centre at Solihull, central England.

Land Rover is seeking to take advantage of last year's lifting by the debt-laden Brazilian government of a ban on vehicle imports which had been in place since 1974.

The British government, however, also imposed an 85 per cent general import tariff which, with local taxes, makes an imported European vehicle four times as expensive as in its domestic market.

Manufacture, using a high level of locally-produced components, is thus seen as the only practical way of developing a sizeable presence in the Brazilian market, where about 750,000 vehicles were produced last year.

Land Rover believes that about 50 per cent of output could be exported to other Latin American countries.

Feasibility studies into establishing a sales and distribution operation initially, followed by manufacturing, have been going on since August last year.

As a result, a wholly-owned subsidiary, *Land Rover do Brasil*, is planned to become operational in Sao Paulo by the end of February.

Initially, it will be responsible for developing a sales, marketing and dealer network to import the company's luxury Range Rover models, which Mr Richard Morley, the programme director, said yesterday could be sold at a rate of up to 2,000 units a year.

The feasibility study for the manufacturing plant will continue in parallel with the development of the sales network, with the expectation that an integrated manufacturing operation would get under way at the start of 1993.

Mr Morley, who for 15 years has held senior executive positions within British Leyland, the former state-owned motor manufacturer which has since been sold to British Aerospace as the renamed Rover Group, said it was likely to take at least until the end of the year to decide whether, and in what precise form, the manufacturing operation should proceed.

Despite the initial sales of Range Rovers, he said the "real market" would be for Land Rover's more traditional and rugged 'Defender' workhorse, used in agriculture and forestry applications.

Land Rover would hope to achieve 50 per cent local content at start-up, and move up rapidly to higher levels.

Mr Morley, 53, first joined Leyland 15 years ago, as managing director of Leyland-Land Rover in Nigeria.

He held similar positions with Leyland Bus and Truck in Brussels and Rover Ireland, but left Rover two years ago for Leyland DAF, in order to manage the overseas Land Rover operations.

Land Rover itself does not own or operate existing assembly operations, in Australia, Kenya, Malaysia, Turkey, Zaire, Zambia and Zimbabwe. Instead, these are supplied through DAF, the Dutch truck maker which merged with Leyland Vehicles in 1987 and in which Rover has a 16 per cent stake.

In its British Leyland days, Leyland Vehicles operated world wide under the name of Land Rover-Leyland.

Mr Morely rejoined Rover in August last year to undertake the Brazil study.

Yesterday he acknowledged difficulties encountered by other manufacturers operating in Brazil.

General Motors, Ford, Scania and Fiat, for example, have all complained about being placed under too heavy profit pressures by the Brazilian government.

Mr Morley, however, said the government had the problem of striking a balance between encouraging manufacturers to be competitive, and the reality that they had been protected from competition for the past eight years by the imports ban.

PEUGEOT TALBOT

UK motor subsidiary cuts jobs and output

By John Griffiths

PEUGEOT Talbot, the French vehicle group's UK subsidiary, is to shed 335 jobs and cut car output for the second time in three months, the company told its 4,300 workforce yesterday.

The company, based in central England, blamed the collapse of UK car sales, shrinking overseas markets and the Gulf crisis for its decision. The move is only one of several retrenchments by the UK vehicle industry as the UK's recession bites deeper.

Ford is also planning to shed some 900 jobs this year, although most of these form part of an already known, long-term programme to cut costs.

Rover plans to cut a total of 1,226 jobs in the engine and gearbox sections of its Longbridge plant; at Cowley, where its ageing Maestro, Montego and 800 ranges are built, and at its Swindon pressings plant. Jaguar also plans to shed 800 jobs through natural wastage.

Statistics published by the Society of Motor Manufacturers and Traders this week showed new car sales falling more than 27 per cent in December, the biggest monthly drop on record.

Peugeot Talbot union leaders said they would fight the cuts, which bring to nearly 700 the number of job losses announced at the company since November. Most jobs will go at the Ryton assembly plant but some will also go at the nearby Stoke components facility.

Car output is to be cut from 2,400 a week to 2,100 from February 4. This means that weekly output will have dropped by just under 20 per cent since November, when 2,600 a week were being built of the Peugeot 405 models which are the only vehicles produced at the plant.

Mr Tony Woodley, of the TGWU transport union and national officer for the motor industry rejected company claims that the latest cuts could be achieved voluntarily and through natural wastage.

"Peugeot must think again. We are actively encouraging the workforce to resist these redundancies", said Mr Woodley, who also chairs the union side of Peugeot Talbot's joint negotiating committee. The plant's union officials are expected to meet shortly to consider their course of action.

In a letter to Mr Geoffrey Whalen, Peugeot Talbot's managing director, calling for the cuts to be reconsidered, Mr Woodley claimed they could jeopardise the plant's future.

Mr Whalen, however, said he considered the problems to be relatively short term. Despite the UK's worsening problems, Peugeot Talbot achieved record output of 116,000 cars last year, up from 107,000. Of these, 70 per cent were exported. But the West European market has also gone into a downturn in recent months, after five years of record sales.

"If, as we expect, the market for our cars in Europe increases in 1992 and beyond, Ryton's capacity to produce 120,000 cars a year should be fully utilised," he said.

Economic table talk to fill a long weekend in the country

Chevening: ancestral home and venue for an annual economic think-tank on the Budget

LATER today, Mr Norman Lamont, the UK chancellor of the exchequer, his fellow Treasury ministers and a select group of top officials head for Chevening, the ancestral home of the Earls of Stanhope in the Kent countryside, **writes Peter Norman.**

Although this government "grace and favour" mansion is well equipped for an elegant Edwardian-style country weekend, the purpose of the trip will be to have a sobering, first look at the government's budget options for 1991-92.

In recent years, Treasury spokesmen have gone out of their way to play down the importance of the Chevening weekend. This year, following last November's change of prime minister, chancellor and much of the Treasury ministerial team, the talks will be more exploratory than usual. With war looming in the Gulf, any economic judgments will be hedged with much uncertainty.

But certain things are clear. The chancellor will frame his budget knowing that a general election has to be fought within the next 18 months; that Britain is in recession and that years of budget surplus are coming to an end. While the political pressure to facilitate a fourth Conservative election victory will mount, his economic room for manoeuvre is small.

The main constraint on Mr Lamont remains the need to lower inflation. Although the Treasury is now convinced that retail price inflation has peaked, it is unsure whether this applies to wage inflation.

This uncertainty helps explain why the Treasury is in no hurry to lower interest rates in the face of growing evidence of serious recession. Indeed, some officials regard the pound's languishing in the lower half of its fluctuation band in the exchange rate mechanism of the European Monetary System as positively beneficial for Britain's medium-term economic prospects.

That might mean short-term pain, particularly for mortgage holders. But the reward could be reaped in a budget-time interest rate cut and greater success in the battle against inflation, which would pave the way for eventual economic recovery.

As the economic picture has deteriorated, so have the government's finances. But this lurch into deficit might be less of a constraint on the chancellor. He has said that he "sees nothing wrong" in the government running a "modest" budget deficit if output is below trend. A deficit would allow the government to experiment with the flotation of bonds denominated in European Currency Units or even hard Ecus.

However, Mr Lamont has declared that he is no fiscal "fine tuner". He will be no more inclined to change taxes to boost the economy than his immediate predecessors.

Although Mr Lamont has been a Treasury minister for many years, it is highly unlikely his 1991 budget will go down in history as a milestone on the road of tax reform.

The rapid turnover of Treasury ministers since Mr Lawson's replacement by Mr John Major in October 1989 is one factor behind the ebbing of reforming zeal.

Another is the need for the Treasury and other departments to sort out the mess left by the community charge – the new system for local taxation. A third factor is the legislative timetable.

According to Mr Bill Robinson, the director of the Institute for Fiscal Studies, "Tax reform happens in budgets after elections – not before."

But Mr Lamont will not want to go down in history as a "do-nothing" chancellor, who – should the government fail to win the election – made no mark while holding high office.

He is regarded by taxation policy experts as a man who favours "fiscal neutrality", which means he is in favour of a "level playing field" in the tax system without special privileges for sectional interests or groups of individuals.

He is also thought to be more of an economist as chancellor than Mr Major, who always had his eyes on a higher political prize than number 11 Downing Street.

If the government finances allow – and here war in the Gulf could be a serious limiting factor – it would be logical to expect him to consider some relief for less well-off citizens while maintaining a firm fiscal stance.

He also might decide to do more to promote savings, building on Mr Major's 1991 budget decisions to end composite rate tax from April and introduce Tessas – the new tax exempt savings accounts.

Such goals would fit in well with the prime minister's known views on taxation and might even help the chancellor achieve his important, but unstated, goal of ensuring Mr Major's re-election.

BUSINESSES FOR SALE

THE JOHN DEE GROUP

Following the appointment of Joint Administrative Receivers to The John Dee Group of Companies the following businesses are available for sale

Based in County Durham
Appointees: D.M. Middleton & G.S. Goldie

John Dee Group Limited
- Depots in Darlington and Gloucester
- Long Term Contracts
- Turnover £5.5m.

John Dee European Limited
- Overseas Contracts
- Motor Vehicles
- Freehold Property at Coundon
- Parking Facilities
- Turnover £1.7m.

John Dee Transport Limited
- Long Established General Hauliers
- Specialist Equipment for Abnormal Loads
- Large Fleet of Modern Vehicles
- Aeroplane
- 12 Acre Site
- Freehold Property
- Turnover £7m.

Coundon Commercials Limited
- Workshop Facilities
- Experienced Staff
- Capacity for Third Party Work
- 8 Acre Site at Coundon
- Turnover £0.5m.

John Dee Warehousing Limited
- Extensive Long Term Warehouse Contracts
- Handling Equipment
- Loyal Staff
- Turnover £0.9m.

Appointees:
D.M. Middleton & R.M. Addy

John Dee Southern Limited
- Based at Dunstable
- 450,000 sq ft Covered Warehousing
- Handling Facilities
- Term Contracts
- Vehicles
- Turnover £9.5m.

Appointees:
D.M. Middleton & S.J. Taylor

John Dee Midlands Limited
- Based at Ilkeston
- Large Leasehold Premises
- Vehicles & Handling Equipment
- Turnover £3m.

Appointees:
D.M. Middleton & M.J. Moore

John Dee Yorkshire Limited
- Based at Rothwell
- Leasehold Property
- Warehousing & Workshops
- Office Accommodation
- Contracts
- Vehicles
- Turnover £4.6m.

Appointees:
D.M. Middleton & J.D. Harrison

John Dee North West Limited
- Based at Haydock
- Warehouse (Leasehold)
- Back to Back Contracts
- Vehicles & Handling Equipment
- Turnover £2.2m.

Appointees:
D.M. Middleton & F. Blin

John Dee Scotland Limited
- Freehold Property in Airdrie
- Warehouse, Offices, Workshop
- Handling Equipment
- Vehicles
- Valuable Contracts
- Turnover £0.6m.

FOR FURTHER INFORMATION PLEASE CONTACT:
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Telephone 0740 651129 Telex 58190 Jon Dee Fax 0740 654870

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

VIGA

Viga Sports and Leisure Wear Limited
(In Administrative Receivership)

The business and assets of the above company are offered for sale.

The Company is engaged in the distribution of its own brand of sports and leisure wear under its branded name VIGA.

Main features are:

- Respected name and trade mark VIGA.
- Annual turnover approximately £1 million.
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LEGAL NOTICES

NOTICE OF CREDITORS MEETING
UNDER SECTION 48(2) INSOLVENCY ACT 1986
COLIN DAVIS (GARAGES) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at Bank House, Charlotte Street, Manchester, M1 4BX at 11.00am on Monday 21 January 1991 for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

A proxy form is sent herewith. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

a. They have delivered to us at the address shown below, no later than 17 January 1991 at 12.00 noon, written details of the debt they claim to be due to them from the company, and their claims have been duly admitted under provisions of rule 3 11 of the Insolvency Rules 1986;
and
b. There has been lodged with us any proxy which the creditor intends to be used on his behalf.

Dated. 7 January 1991
Signed J.D. Harrison
Joint Administrative Receiver, Cork Gully, Bank House, Charlotte Street, Manchester, M1 4BX.

008731 of 1990
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
MR JUSTICE MORRITT
MONDAY the 3rd day of DECEMBER 1990

IN THE MATTER OF THE PELICAN GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 3rd December 1990 confirming the reduction of the capital of the above-named Company from £1,500,000 to £1,440,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 10th December 1990.

DATED this 11th day of January 1991.

Mishcon de Reya
125 High Holborn
London WC1V 6QP
(Ref PBS/HGP)

Solicitors for the above-named Company

CRAFT AND MANAGEMENT TRAINING (UK) LTD (FORMERLY C & M TRAINING (UK) LIMITED AND W S J TRAINING LTD)

Registered number: 1998548
Former company name(s):- C & M Training (UK) Ltd and W S J Training Ltd
Nature of business: Training Services
Trade classification- 41
Date of appointment of joint administrative receivers. 2 January 1991
Name of person appointing the joint administrative receivers; Barclays Bank PLC
JOHN FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292)

Cork Gully
43 Temple Row
Birmingham B2 5JT

COLMORE DEPOT LIMITED

Registered number: 349885
Nature of business: Motor Dealership
Trade classification. 19
Date of appointment of joint administrative receivers: 21 December 1990
Name of person appointing the joint administrative receivers: Midland Bank Plc
JOINT FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292) of Cork Gully
43 Temple Row
Birmingham
B2 5JT

PUBLIC NOTICES

MMC INVITES EVIDENCE AND VIEWS ON THE ACQUISITION BY SOCIETE NATIONALE ELF ACQUITAINE OF CERTAIN ASSETS OF AMOCO CORPORATION.

The Monopolies and Mergers Commission is inquiring into the acquisition by Societe Nationale Elf Acquitaine of Amoco UK's businesses for the refining of crude oil and marketing of petroleum products, to determine whether or not such acquisition might operate against the United Kingdom public interest.

The Commission would like to hear from those who have information which could help the inquiry, and from those who have views on the acquisition. Please write by 18th January 1991 to the Reference Secretary (SNEA/Amoco), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

PORTABLE COMPUTERS

The FT proposes to publish this survey on 8 February 1991.
It will be of particular interest to the 16.8% of Senior Businessmen across Europe, and the 18.7% of all Businessmen in the UK, who make decisions concerning the purchase of Personal/Micro Computers and Systems.

If you want to reach this important audience, call Meyrick Simmonds Tel 071 873-4540 or Fax: 071 873 3062.

FT SURVEYS

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In accordance with the terms and conditions of the Notes, the interest rate for the period 10th January, 1991 to 10th April, 1991 has been fixed at 14.04875% per annum. The interest payable on 10th April, 1991 against Coupon 2 will be £346.41 per £10,000 nominal.

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Britain's Food Safety Act obliges companies to prove that their quality control procedures are first rate. **Della Bradshaw** examines the latest tests

A commitment to healthy eating

There is a legendary tale in the UK food manufacturing industry. In 1974 Smedley's, the UK tinned food producer, found itself in court because a hawk-moth was discovered in a tin of garden peas. The hearing enthralled the food industry because Smedley's defence centred on its excellent quality control procedures.

Although the courts accepted the company's argument on quality control, the House of Lords ruled that Smedley's was guilty because the hawk-moth was there.

Today such a defence could well get a company like Smedley's off the hook. With the introduction of the Food Safety Act in Britain this month, food companies caught in the same situation can now successfully defend themselves by demonstrating that they have taken all reasonable precautions and shown "due diligence" in manufacture – but just what due diligence means has still to be determined in court.

Although viewed by many outsiders as a loophole for food processing companies, many of those to which the legislation refers are "terrified", says David Edwards, operations director of the Food Hygiene Bureau, a commercial test house and training organisation. "They see the new law as an extra commitment, not an extra defence," he says.

The topic now taxing the food manufacturers is both how to ensure quality in the sourcing and manufacturing processes and how to demonstrate that adequate procedures are in place should the need arise. To do this companies are looking at technologies within the context of overall quality procedures.

Top of the shopping list for many companies are rapid biological tests to determine whether bacteria are present in the food manufacturing chain. Many of today's tests involve sending away samples or growing them in a laboratory. By the time a problem is discovered the food could be on supermarket shelves.

"Everyone wants tests that will give you a result within the working day," says Terry Roberts, head of microbiology at the Institute of Food Research's Reading laboratory. Such tests are not yet available – rapid tests to identify specific organisms which cause salmonella, for example, are unlikely to be available for several years.

Others companies are looking to computer systems to help them keep the appropriate records. The software industry, however, has been relatively slow to take up the challenge of the food industry, says John McGrann, managing director of software house Pace, of Moira, Northern Ireland. He points out that the food industry throws up completely different challenges from most other industries. "In the food industry you take a sheep into a plant and you cut it up – you don't assemble it."

Pace has developed a software package, divided into a series of modules including product specification, auditing and control of suppliers, maintenance and calibration of machinery, and training. "Diligence" was chosen as the name for the product because the software reminds companies about things they must do, says McGrann – such as when to visit a supplier or when to carry out maintenance on a machine.

Most manufacturers now see these sort of techniques as an aid in a much wider quality recording system. The British Standards Institution's BS 5750 certification, originally developed for the engineering industry, has been adapted for food processing companies, monitoring such things as processes, machinery and training.

An assembly line worker brushes up on diligence

To date, however, less than 100 companies out of the thousands of UK food producers have been certified under the scheme, says Paul Bidder, consultant in the manufacturing advisory service at the Leatherhead Food Research Association. And cynics point out that even accreditation to the British standard may not prove a suitable defence in law. They say that BSI certification ensures consistency in production – and ensures the manufacturer does what it says it is going to do – rather than ensuring that the product is wholesome.

Other companies, particularly smaller ones, are looking at more specific testing procedures such as the hazard analysis and critical control point tests (HACCP), which focus on the most critical element of a food process and ensure that it is carried out correctly – heating the produce to the right temperature might by the critical element of a canning process, for example.

With the onus in the new act on manufacturers to ensure the quality of ingredients, as well as the quality of finished food items, large manufacturers with quality procedures in place are now turning their attention to their suppliers. "There is certainly evidence that certain people are asking the question of their suppliers," reports Bidder.

Biscuit-maker the McVitie's Group, for example, is now laying down procedures to require suppliers of their potentially most hazardous products to adopt the HACCP procedures, says John Dripps, McVitie's quality assurance manager. High on the list of such products are those which are not cooked – fillings or chocolate coatings.

The legislation even puts an onus on the manufacturer to check their "food sources" – which at the end of the chain means the farmers that grow the vegetables and rear the animals.

Pâtés and soft French cheeses have been castigated by some scientific experts in Britain as harbingers of food poisoning. But in France one supermarket chain is ensuring that the canny French consumer can buy products at their pungent best.

Monoprix now insists that suppliers of seven dairy and five meat products use a US tagging system designed to reassure the consumer that the food has been stored at the right temperature. If the storage temperature has been too high, the label changes colour.

Tony Ellis of Chill Fresh, the company marketing the Fresh-Check indicators in the UK, believes that the British consumer wants the same kind of check for chilled foods. The chilled food market – everything from milk and yoghurt to smoked salmon and chicken – was worth more than £4bn in the UK in 1990.

Today chilled foods have to display a "sell by" or "best before" label. (From April 1 these will be changed to a "use by" date.) But, says Ellis, these dates are "completely irrelevant" unless the consumer knows the temperature at which the food was stored.

With the Fresh-Check indicators, which have been sold in the US by manufacturer LifeLines for several years, the consumer has a visual indicator of when the food has been "thermally abused", as Ellis puts it.

The indicator is a circle in the centre of which is a polymer dot, which darkens when exposed to heat. If the central dot is lighter, or the same colour as, the outer circle, then the contents are fresh. If the central dot is darker, then the packet should be left on the shelf.

The layers of polymer can be altered using a computer model to tailor the indicator to the type of food. A more sensitive polymer is used on foods which degrade rapidly, where ones with a longer shelf life – cooked ham, for example – would use a more rugged chemical cocktail. When bought in bulk, the indicators cost about 3p each.

In the UK Ellis believes two major food retail chains could soon adopt the Fresh-Check indicators. In France, now that Monoprix has adopted the system, Ellis believes the marketing advantage it will bring will force rival chains to label their salami and brie.

Confessions of a flying video

MANY a schoolboy has had hours of fun flying his radio-controlled toy aeroplane. Now a giant version of the machine is available to do everything from sorting out traffic jams to spotting forest fires.

The Vanguard unmanned twin-engine air vehicle, developed by Electronics & Aviation Systems, of Rehovot, Israel, and also marketed by International Economic Strategy, of Antwerp, Belgium, has a 3.24 metre-long fibreglass fuselage.

For use in traffic monitoring, the Vanguard has a video camera built into the nose. The video information is sent to the ground control unit for monitoring traffic density or even recording licence plates.

Installing infra-red cameras on the vehicle could help oil or mineral companies spot geo-physical differences in the landscape. Or they could even identify ivory poachers sneaking across boundaries with their booty at night.

The Vanguard system costs up to \$2m (£1m) for a computerised ground control unit and four aeroplanes.

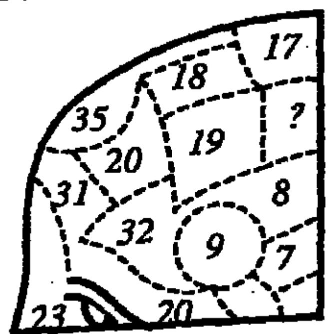
Hiding unsightly bar codes

BAR codes have now found their way on to almost everything we buy, but the black and white symbols can look unsightly on expensive packaging – such as cosmetics – or prove difficult to find on larger food packages in the supermarkets.

To overcome these problems Battelle, of Columbus, Ohio, the independent research organisation, has developed a bar code system that uses invisible ink, thereby maintaining the visual impact of expensive packaging. In addition, it can be used on every side of packages to make it easier for the supermarket assistant to put the product through the scanner at the check-out counter.

The technology uses a specially developed invisible ink and ink-jet printing technology to apply it. Once in place, the bar code is read by infra-red sensors.

Battelle has licensed Accu-Sort Systems, of Telford, Pennsylvania, to incorporate the technology into a range of fixed systems, to be used in areas such as inventory control. It is now looking to exploit the invisible infra-red bar code technology for hand-held systems.



WORTH WATCHING

by Della Bradshaw

PC with a very good address

PERSONAL computers and printers, costing thousands of pounds, are most frequently used to generate correspondence, writes Paul Lavin. But in spite of the investment, many envelopes still get addressed by hand.

The technology gap occurs because envelopes are difficult to feed into most personal computer printers.

In response the American division of Seiko, of Japan, has created the Smart Label Printer. Less than seven inches long and weighing less than a pound, it holds a roll of 130 self-adhesive thermal printer labels.

The printer comes complete with software that can automatically capture an address displayed on a PC screen and churn out a label in about 10 seconds. It can be attached to an IBM PC or Apple computer in minutes.

Light fitting has a personal touch

A SELF-CONTAINED light fitting which adjusts to daylight, and switches itself on and off when people enter a room, has been developed by Thorn Lighting, of London, writes Lynton McLain.

The Sensa fitting contains two 40W fluorescent tubes, a photo-electric cell to monitor the surrounding light and a passive infra-red switch to detect the presence of people in the room.

The fitting compensates for daylight by switching itself off or lowering the intensity of light emitted. It also switches off when it detects that nobody has been in the room for 10 to 15 minutes.

With these features, the fitting can cut energy consumption by up to 60 per cent, according to Thorn.

Little card packs a big punch

THE Japanese trick of packing more and more into a smaller space has been demonstrated again by Mitsubishi Electric with its latest semiconductor packaging technology for smart cards – the credit card-sized plastic cards used to store data, especially for portable computers.

Mitsubishi has announced the development of a chip packaging technology to double the capacity of today's cards. The paper-thin packaging (PTP) technique enables the company to stuff two double-sided printed circuit boards into the card, where previously there was only room for one.

When the first PTP card is commercially available in 1992 it will contain 4 Megabytes of information, but Mitsubishi expects a 48 Mbyte card – which could hold up to 10m words – to be on the market shortly after that.

Next generation remembers last

DUTCH consumer electronics company Philips is using this week's consumer electronics show in Las Vegas to launch what it hopes will be the next generation of audio cassette technology.

It has developed a tape player which can handle both digital tapes and conventional cassettes. So the digital compact cassette (DCC), as it is called, gives the consumer both the digital sound quality of compact discs, while ensuring that existing analogue cassettes can be played on the same machine.

Japanese manufacturers, on the other hand, have opted for digital audio tape (Dat), which uses a smaller player and cassette than today's analogue recorders.

In spite of this week's debut, machines will not be available until next year.

Contacts: Electronics and Aviations Systems: Israel, 8 404609. International Economic Strategy: Belgium, 03 232 79 09. Battelle: US, 614 424 5754. Accu-Sort: US, 215 723 0981. Seiko: US, 201 529 5730; UK, 0628 770001. Thorn Lighting: UK, 081 368 1166. Mitsubishi: Japan, 03 3218 2111. Philips: Netherlands, 40 736 106.

The steps needed to create change

By Christopher Lorenz

Most chief executives believe that corporate change programmes will only succeed if they start at the top. The truth is exactly the opposite: effective corporate renewal must begin at the bottom.

This is the controversial conclusion that three American academics have drawn from a four-year study of organisational change at six large corporations. Its results are reported in the Harvard Business Review* by the trio, Michael Beer, Russell Eisenstat, and Bert Spector.

Most senior managers in the US, complain the academics, share two entirely fallacious assumptions about the management of change. First, that organisations can be transformed by the promulgation of company-wide initiatives such as mission statements, "corporate culture" programmes, training courses, and new pay-for-performance systems. Second, that employee behaviour is changed by altering a company's formal structure and systems.

In corporations where change programmes have been successful, the academics report, they have usually started at the periphery, in a few plants and divisions. And they have been led by the general managers of those units, not by the chief executive or by corporate staff – whether by the "human resources" function or anyone else.

This is not to say that change can never start at the top, the researchers argue, "but it is uncommon and too risky as a deliberate strategy. Change is about learning. It is a rare CEO who knows in advance the fine-grained details of organisational change that the many diverse units of a large corporation demand".

Once senior management does become involved, its most effective role is still not to try to mandate corporate renewal from the top, the academics argue. Instead, it should create a climate for change, and then spread the lessons of grass-roots successes and failures.

Excessive or misguided top involvement is not the only trap to avoid, according to the study. It also found that most programmes failed because they were guided by a mistaken theory of change: that the way to alter behaviour is first to change people's knowledge and attitudes.

In fact, the academics say, the most powerful way of changing individual behaviour is to give people new roles, responsibilities and relationships in a new organisational context. This creates a situation which forces new behaviour on people, thereby changing their attitudes.

This is not to say that new competencies are unnecessary, stress Beer, Eisenstat, and Spector; improved analytical and interpersonal skills are vital if an organisation is to change, they point out. So is teamwork between departments, and between employees and management.

The academics suggest that a sequence of several overlapping steps will help create effective change. They include:

- Mobilise commitment to change through collaborative (with employees) diagnosis of business problems;
- Develop a shared vision of how to organise and manage more effectively. Lead employees towards a "task-aligned" vision of the organisation which defines new roles and responsibilities, both within and across interdependent functions;
- Foster consensus for that vision, including by replacing managers who cannot function in the new organisation;
- Spread revitalisation to all departments without pushing it from the top – instead, let each find its own way to implement teamworking, for instance;
- Then institutionalise the changes through formal policies, systems and structure;
- Finally, monitor and adjust solutions as problems arise.

"The purpose of change is to create an asset that did not exist before – a learning organisation capable of adapting to a changing competitive environment," comment the academics.

HBR Nov-Dec 1990. Reprint No 90601. An associated article on corporate renewal appeared on January 9.

Looms with an uncertain view

Peter Montagnon reports on the extra dimensions to the already slimmed down wool textile industry's problems

Money can scarcely buy wool cloth of a better quality than the bale of charcoal grey cashmere proudly displayed in the lobby of Taylor & Lodge, the Huddersfield weavers. It costs £150 a metre and, until recently, there was a ready market for it in Japan where it would be made into suits costing Yen 1m or over £4,000 apiece.

Suddenly, however, even this export-oriented niche player in the wool textile business has hit upon hard times. The high pound, the Gulf crisis and a slowdown in the lucrative Japanese market has caused a fall-off in orders. Since Christmas its 106 staff have effectively been put on half-time working.

Even though wool textiles is a worldwide market which should to some degree be insulated from a domestic recession, Taylor & Lodge is not alone.

Figures from the Confederation of British Wool Textiles show that output in the Yorkshire spinning and weaving industry fell by some 10 per cent in the first 10 months of 1990 and exports fell by 11 per cent to £508m. Around 300 jobs were lost in a workforce that now numbers some 26,100.

This was before the latest spate of announcements which included the voluntary liquidation of the Brackendale Spinning Company of Thackley with the loss of 60 jobs.

A further 127 jobs are to go at William Edlestone of Sowerby Bridge which went into receivership just after Christmas. Blaming the erosion of its customer base in the clothing industry, Thomas Burnley of Gommershall is closing its Yorkshire plant this month with the loss of 245 jobs and consolidating its operations in Northern Ireland where subsidies are more readily available.

Executives in the wool textile industry, which is dominated by small privately-owned mills, view this wave of troubles with a mixture of bravado and alarm. Having slimmed down and invested in new technology since the last recession ten years ago, many think they should be well-placed to ride out the present storm.

What worries them, however, is that their present problems are almost entirely outside their own control and the recent spate of closures shows that there is not much room left for further adjustment. They say they now deserve more sympathetic treatment from government.

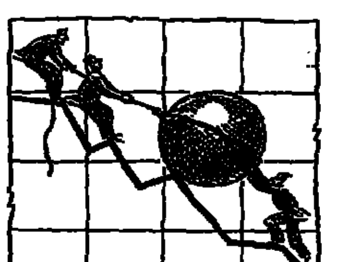
Ten years ago, says John Walsh, managing director of Abraham Moon, there were seven mills in the Bradford suburb of Guisely. Now there is only his firm left.

Wool textiles: further shrinkage predicted

Adds John Ward of Thomas Carr, the real shake-out in the wool textile industry occurred in the 1970s and early 1980s. The mills that are left are no longer as labour-intensive as they used to be. They are capital-intensive too. That means that high interest rates are as much of a problem, if not more so, than labour costs.

According to Gordon Kaye, managing director of Taylor & Lodge, the first half of 1990 looked like being a record. But then in the summer the Gulf crisis hit, depriving the company of its important market in Kuwait. Potential sales lost there amount to some £150,000 to £200,000.

This is a large amount for a company with annual turnover of around £5m. Since the Export Credits Guarantee Department has not yet paid any claims, his company has had to finance the unsold stock at an interest rate of 16 per cent.



MANAGING IN RECESSION

On top of that has come the strengthening of the pound against the Japanese Yen and the dollar. A rate of some Yen 260 to the pound has squeezed margins on sales to Japan.

Although the company does not sell much into the US, it is affected by the high dollar rate as the currencies of other Far Eastern markets are linked to the dollar.

In South Korea, where there has recently been a campaign against luxury foreign imports, Taylor & Lodge has experienced a range of non-tariff trade barriers. Getting consignments through customs has become more difficult and delays can extend to weeks or even months.

Almost universally, executives in the wool textile industry say their problems have been compounded because the UK entered the European exchange rate mechanism at too high a rate. When setting economic policy in far-off London, the government is all too ready to ignore their problems, they say. In trade matters too, it is slower to offer support than that of Italy, the industry's main competitor.

Privately some executives complain that the retailing background of Tim Sainsbury, trade minister, means that he does not understand their problems as manufacturers.

They insist that they are not calling for more protection – and indeed would welcome an agreement in the Uruguay Round trade talks to unwind the Multi-Fibre Arrangement that governs trade in textiles.

Such an agreement would provide an opportunity for cutting the high tariffs imposed by the US on textile imports and for measures to curb dumping by foreign producers like Mexico and Turkey. No sector exports as much to Japan as does the wool textile industry, says Kaye, "but we're looked upon as a poor relation, an old-fashioned industry. We're shoved into the corner."

Finding a way of promoting a better image for the textile industry has become all the more important in the current recession. Ward complains that even some clearing banks have become prey to the short-termism that prevails in the City. Herd instinct has led them to restrict their lending even with the security of an ECGD insurance policy.

Apart from that, the wool executives say, there is not much they can do except try harder. Abraham Moon's Walsh says he is not planning to lay off any of his 150 employees, but margins have become "very tough".

In the longer term, he says, even the survivors could end up weakened. A smaller industry means that training opportunities will disappear and the infrastructure on which the mills depend, for example for the installation and servicing of plant and equipment, will simply wither away.

Previous articles in this series were published on November 21, 30, December 4, 14, 18 and 31.

Taking innovation to the customer

Simon Holberton on a Xerox experiment

Xerox, the US office equipment manufacturer, is turning market research on its head. Traditionally, a marketing department uses market research to analyse where the probable demand for a product is likely to come from and why. Now, however, Xerox is first taking its technologies to its customers so that it and they can together develop products virtually a priori.

Known as "innovating with the customer", Xerox's corporate research group is experimenting with an initiative called the Express Project. This is an experiment designed to commercialise more rapidly technologies developed by the company's Palo Alto Research Centre (PARC).

According to John Seely Brown*, the director of PARC, one such project has brought together in a single organisation a small team of Xerox researchers, engineers, and marketing people with employees of Syntex, a local pharmaceutical company.

From this cross-fertilisation of talent, the team defined Syntex's key business needs and the PARC technologies that could best be used to meet them. They worked on prototype solutions – one is known as "forms receptionist".

Its aim is to tackle the data management and analysis of more than 300,000 case reports that Syntex's 1,000-plus researchers on new drugs put up for approval by the US Food and Drug Administration.

"It combines technologies for document interchange and translation, document recognition, and intelligent scanning to scan, sort, file and distribute Syntex's case reports," writes Brown. "For Syntex, the new system solves an important business problem. For Xerox, it is the prototype of a product that we eventually hope to offer to the entire pharmaceutical industry."

The Xerox-Syntex collaboration was put onto videotape and is now being subjected to a study by another research team at PARC to see what lessons can be learned about co-production. The early ones will be all too familiar to companies which have embraced cross-functional teamwork as a management method.

Says Brown: "One of the most interesting lessons we've learned from the Express Project so far is just how long it takes to create a shared understanding among the members of such product teams – a common language, sense of purpose, and definition of goals. This is similar to the experience of many inter-functional teams that end up reproducing inside the team the same conflicting perspectives the teams were designed to overcome in the first place."

Xerox's work with customers is presented by Brown as just one way, although a very important one, in which the company is trying to think about and organise itself for the future. With the plummeting costs of computing power he envisages a workplace where sophisticated technology is ubiquitous – allowing people to tailor technology to meet their specific needs and technology companies to offer "mass customisation".

"The emphasis, however, is not on the technology itself but on the work practices it supports. In the future, organisations won't have to shape how they work to fit the narrow confines of an inflexible technology. Rather, they can begin to design information systems to support the way people really work."

Brown says that some of the most important work being done at PARC is by anthropologists. Work studies at PARC showed that when office workers were asked what they did, they would describe what was required of them in terms of their job manual. The anthropologists, however, observed that they relied "on a rich variety of informal practices that weren't in any manual but turned out to be crucial to getting the work done".

He describes this improvisation as "local innovation". Big companies, he argues, have the potential to be remarkably innovative if they can capture this and learn from it.

Research that reinvents the corporation, Harvard Business Review, January-February 1991. Reprint no: 91101. For copies, fax: (The Netherlands) 31-3433-1910.

THE PROPERTY MARKET

Shafts of light break through the gathering gloom

By Vanessa Houlder

Perhaps the best that can be said so far about 1991 is that it promises to be unforgettable. Rarely has the industry started a year with such intimations of doom, as pundits predict plummeting values, receiverships and redundancies.

The gloom is not universal, however. Developers, investors, bankers and agents are reflecting a spectrum of opinion, not undiluted desperation. Broadly speaking, they divide into optimists who think that lower interest rates will herald the bottom of the cycle this year, pessimists who think the problems are too intractable to be solved by lower interest rates and pragmatists who expect to find opportunities even in a devastated market.

First, here are a few reasons to be (relatively) cheerful.

Mr David Hunter of Scottish Amicable thinks property, with its moderately secure income stream, will appear fairly robust in relation to equities which will suffer dividend cuts. "I raise my hat to the courage of people sitting on funds without any exposure to property," he says.

He makes the point that the UK is not a uniform market. Although business parks to the west of London and shopping centres may be in crisis, other areas such as high street shops are attractive, he says.

He predicts that political considerations will necessitate a fall in interest rates to 12 per cent. That may trigger an economic upturn but it will also make property yields look exceptionally high.

Mr Russell Schiller, head of research at Hillier Parker, the chartered surveyor, argues a similar case in support of a turnaround in the investment market (although he is still wary about the occupational market). "If we get interest rates coming down by two to three points by late summer it should be enough to make yields at the current level sustainable. Once people see that we have reached bottom there is no point in holding back," he says.

He concludes that "1990 was too soon to buy and too late to sell. Nineteen ninety-one will be a time to consider when to buy".

Mr Michael Slade of Helical Bar also expects the rot to stop in 1991, although he does not believe any improvement will be apparent until the middle of next year. "Smart money moves in and out of the market before the swing of the cycle. We have 18 months of buying time.

"It is going to be a lot worse than anyone thought it would be. But those who are not firefighting and those who have liquidity will be able to take the opportunities that undoubtedly will come," he says.

He too is selective. He tips retail property and is keen on developing south-east industrial space. However, he believes oversupply will depress the office space market for a further two or three years.

Mr Slade's concern about oversupply is shared by Mr Chris Walls of Salomon Brothers, the investment bank, who scoffs at the idea that lower interest rates will solve the office market's problems. "Historically there is little or no correlation between levels of interest rates and yields. In so far as yields are determined by rational analysis, they are determined by investors expectations of rental growth. If you are going to see a significant fall in rents over the next 12 to 18 months I see no logical reasons why yields should harden." In the same period, he expects City rents to drop 20 to 30 per cent with falls in values of 15 to 25 per cent.

Mr Geoff Marsh of Applied Property Research also takes a grim view of the central London market. "To interpret the current situation as simply another cycle is to miss the big picture," he says. The central London office market is now due for a radical restructuring where the balance of power shifts in favour of the tenant in the long term, he argues. Prospective occupiers are waiting for offers that cannot be refused, perhaps including the uptake by the developer of a tenant's existing leases.

This view is shared – to a point – by Mr Nigel Wilson, finance director of Stanhope. He argues that, to let space, a developer may have to assume an "economic obligation". This could happen, for example, by giving indemnities about existing leases, he says. The exceptions will be good locations, where there is still a great deal of tenant demand – from accountants, solicitors and privatised industries. "There will be a lot more movement in the property market if developers are prepared to be more flexible," he says.

That flexibility may extend to leases, where the 25-year, upwards-only rent review structure could give way to shorter leases with index-linked rents and ceilings on reviews. "This may be the year that the lease structure changes," says Mr Wilson.

The ingenuity required by a developer in attracting tenants will probably be matched by that required to raise funds during a liquidity squeeze. Mr Wilson, who is negotiating six transactions of £100m or more, says he is confident about all of them. However, it is necessary to pay higher margins and negotiate harder to seal a deal. Relationship banking is making a comeback, he says. He also expects to carry out more transactions with European banks.

Now that funds are more difficult to obtain, pioneering techniques, such as the convertible mortgage, will come into their own, he says. "Just as innovations in leasing will create liquidity, innovations in banking will create liquidity," he says.

Mr Peter Scott, corporate finance director of property and construction at Barclays Bank, says that several banks, including his own, are still prepared to finance attractive deals proposed by managements with good records. Those deals, however, are more likely to involve investment finance.

He considers the market conditions poor compared with the 1970s, although the financial position of companies tends to be more secure, because of lower gearing and techniques such as hedging.

Barclays, he says, has a policy to stand by its customers. "It is not in anyone's interest to be precipitate," he says. That said, he points out there were a number of receiverships last year particularly among unquoted companies and the smallest quoted companies and this may well continue.

Mr Norman Bowie, an honorary fellow of College of Estate Management, who has a longer perspective than most, offers one of the bleakest of all forecasts. Having started work in the depression of the 1930s, he is a veteran of five property cycles. In his view, oversupply and the risks of a worldwide recession to an increasingly international industry point to a severe downturn for the property market. "In some ways it could be as nasty as 1973-4 and a bit more prolonged," he says.

Long-term influences are also eroding values, he thinks. The underperformance of property compared with equities over the last couple of decades suggests property yields are not high enough. The tendency for modern buildings to become obsolete more rapidly, the growing number of cars, and the electronic revolution, all of which favour work dispersal, are also undermining property values.


Peter Scott: financing available for managements with good records

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Properties
Year to Nov '90	-7.1	-7.4	-1.8	-8.3
Quarter to Nov '90	-1.8	-3.4	-1.4	-2.4
Month of Nov '90	-0.6	-1.4	-0.8	-1.0

Source: Investment Property Databank

YACHTING

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Les Câbles de Lyon holds the keys to leading edge technology in land and submarine cables, both traditional and optical fibre, producing cables to cover the entire range of applications for public and private users. The industrial, technical and commercial strength of the group will be all the more clearly defined as of January 1st, 1991, when Les Câbles de Lyon officially changes its name to Alcatel Câble.

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All Things Nice

ROYAL COURT THEATRE

There is a story about an old lady who called in the police because she said that the man across the road was committing indecent exposure in his front room. The policeman could find nothing improper and told her so. "Oh yes," she said, "if you stand on a chair and look over the top of the curtains, you can see him perfectly well."

The tale came to mind at the opening of Sharman Macdonald's *All Things Nice* at the Royal Court. Ms Macdonald has an obsession with sexual exposure. In particular, she has an obsession with exposure to young girls growing up, especially when it comes from the parents. But Ms Macdonald is not – one would guess – an ordinary decent lesbian. Indeed she may not be homosexual at all. Her characters frequently say that they do not like men, but they also succumb to them and some of them admit that they cannot live without them.

Take this line from one of her earlier plays, *When We Were Women*: "Men are children. Take that to your heart and keep it there. In pain we bear them. God's *cursed* we are. And pain they give us the long night through." Then take this one from the mother in *All Things Nice*: "I can't do without men, and that's a fact." There are are plenty of other lines like that.

Alastair Muir

Joanna Roth

In short, Ms Macdonald seems to be thoroughly mixed up about sex and attaches too much importance to it. She has other obsessions. In no particular order, they include smoking, drink, vague references to God, a tendency to bring in hymn-singing, popular and folk music, and an attachment to Scotland somehow juxtaposed to the Trucial States where *All Things* is jointly set.

If that sounds a harsh judgement, it is worth taking her work together. The mother in *All Things Nice* is pretty clearly related to the one in *When I Was a Girl, I Used to Scream and Shout*. The mother in the earlier play was about to take off for the Trucial States, but held back when her 15-year-old daughter became pregnant – largely in a fit of pique about her mother's impending departure. This time the mother makes it to the swimming pools of the Gulf and all. Much good does it do her: she might just as well have stayed on Clydeside.

Seen in isolation, *All Things Nice* could just have something to be said for it. It is about the awakening sexual instincts of pubescent girls at a time when the sexual desires of the mother are still alive: in this case of the grandparents, too. Most of it, however, could have come straight from *When I Was a Girl*. Like one of her characters worrying about the size of her breasts, Ms Macdonald's work fails to develop.

There is a very good set designed by Kenny Miller. It has windows all over the place, the symbolism being that everyone is looking in on everyone else's sexual activities, whether real or imagined. The set is far too good for the play which is directed by Max Stafford-Clark and should not have been allowed to reach the main stage of the Royal Court.

Malcolm Rutherford

Mattinson, Shorr

PURCELL ROOM

Wednesday's evening recital in the current Park Lane Group series of "Young Artists and 20th-Century Music" was shared between two interesting performers, each with strong ideas about their chosen music. The bass-baritone David Mattinson is already launched on a career, having last October garnered the BP-Peter Pears Competition. On that occasion – admittedly, in the unfriendly environment of Sadler's Wells – I thought him an exceedingly implausible first-prize-winner. In the relatively greater intimacy of the Purcell Room, and with Clare Toomer a piano-partner rock-solid in support, his strengths were able to register rather more forcefully.

Mattinson is a personable, confident, intelligent singer, good with languages – in Jonathan Harvey's youthful (1965), attractive *Four Songs of Yeats* his English utterance was full of pith and point, and in Shostakovich's magnificently spare and death-haunted *Suite of Verses of Michelangelo* he gave the impression of delivering the Russian rather than merely pronouncing it.

He's alert to nuances that can spin off from words into the vocal writing, and when not under pressure he can colour and phrase with a good deal of individual character; but whenever the line rises in pitch and volume, his technical weaknesses – limited tonal resources, a top dangerously dry and savourless – become immediately and cruelly apparent, straitjacketing his expressive insights. It's strange indeed that a young man of so much evident talent seems willing to exhibit himself in public in this obviously unfinished state.

Aaron Shorr, the American pianist who divided the evening with Mattinson, presents a much more "finished" impression. He chose first a severe test of platform control (as well as audience patience), Book 2 of George Crumb's tricksy, pretty-pretty *Makrokosmos* piano pieces, and later Steve Martland's *Kgakala* (1982), a diffuse not-quite-sonata appealingly flavoured with popular reminiscences. In both the pianist's cogent sense of musical shape and substance were unflappable; he kept the attention taut in a way that betokened real authority.

Max Loppert

Vulnerable gods behind those enigmatic smiles

Susan Moore reviews Khmer sculpture in Paris and Old Master drawings from Venice in London

The plush Paris suburb of Passy seems a long way from Phnom Penh. In the 16th arrondissement, however, ensconced in the Musée Guimet, rests the greatest collection of Khmer sculpture outside the Cambodian capital or its former site at Angkor. This Oriental museum offers a kind of litmus paper to France's colonial past, as do the country's burgeoning Vietnamese and Cambodian restaurants – phenomena comparable to the V&A's magnificent holding of Indian art and the British high street tandoori.

It seems probable that the Khmers originated from Southern India, importing and adapting their native Hindu religion and culture. They were to establish themselves in the 9th century as the dominant power in Indo-China for half a millennium. Their legacy is the complex of temples and sculpture known generically as Angkor; it would be no exaggeration to describe it as one of the wonders of the world – and as one gravely under threat.

The colossal royal funerary temple of Angkor Wat gives its name to a series of smaller temples stretching over some five centuries and out across some 75 square miles. Built in 1112-82, it is a contemporary of the great Romaneseque cathedrals of Northern Europe. The moated outer perimeter wall runs for more than 10km; inside, long galleries and courtyards rhythmically rise via a series of platforms to culminate in a central mass of five diadems, the tallest soaring to the height of the tower at Nôtre Dame in Paris. Bas-relief carvings depicting the Hindu epics run for some 800m, casting contemporary European sculpture into the deepest shade.

The stark interiors of the Guimet provide a compelling backdrop to its collection of architectural fragments and freestanding sculpture. (Only the gods were deemed worthy of stone; Khmer wooden cities and day to day paraphernalia has long since perished.) At the heart of the museum is a high, top-lit gallery devoted to the pre-Angkor period which offers up such major and exquisite gems as one of the red sandstone pediments from 10th century Banteay Srei. It may depict an episode from the Indian Ramayana, but the energy and the narrative vigour of the Khmer carvers is already distinct.

A horse-headed deity – a version of Vishnu – from Pre Rup is a glorious creature, the stone of his torso and head polished to a smooth silvery grey in subtle contrast to the unpolished stone of the sarong's crisp folds and the description of his intricate metalwork crown. All around, deities cast their enchanting enigmatic smiles, not unlike Archaic Greek statuary.

Two great naga (serpent) heads from the balustrades of the royal terrace at Angkor Wat and from Preah Khan, dominate the second, more dimly lit room. Here, too, are lintels of delightful apsaras or voluptuous dancing girls, and ornate window balusters, bronzes and pearl and gem-studded jewellery. Then comes almost an inner sanctum of Stygian gloom, with spotlights in the melodramatic style of son-et-lumière – focusing on the sculpture in the style of the Bayon, the temple of the town of Angkor Thom built by Jayavarman VII (1181-1201).

Jayavarman, a late convert to Buddhism, believed himself a Buddha incarnate, and his great visage, three metres high, smiles down from the great Victory Gateway of Angkor Thom, and from the 54, 45m-high peaks of the Bayon. One of the most ravishing pieces in the museum is a head of the apparently benign god-king, holding court, eyes closed and smiling serenely. It is a work of indescribable subtlety, and one of many of comparable quality.

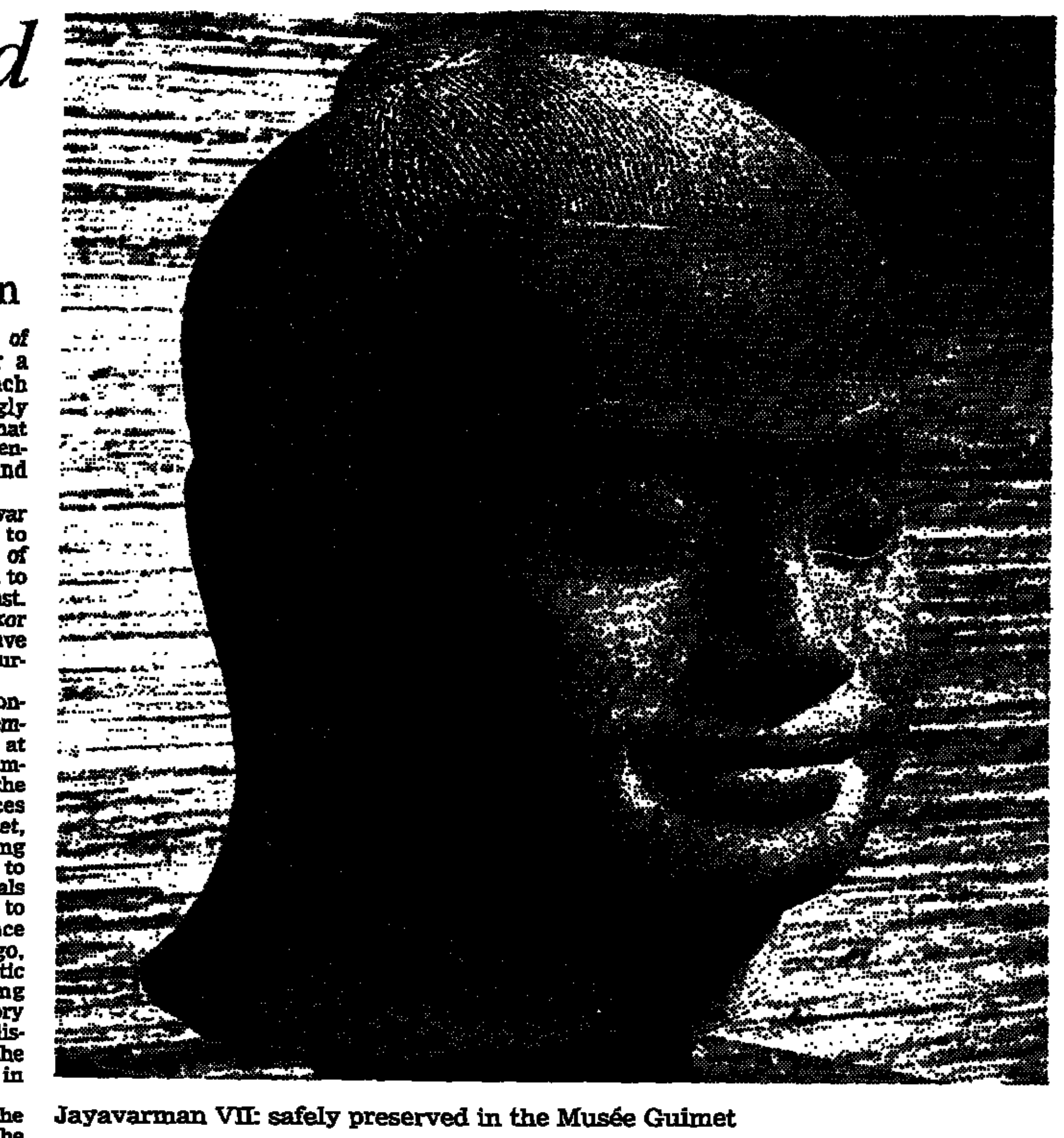
The Chams invaded Angkor in 1432 and the Khmers fled to Phnom Penh. Angkor was abandonned for some 450 years until an astonished French naturalist stumbled upon the ruins in 1860. They were were exceptionally well preserved save for the strangling effects of the stone-splitting roots of the silk cotton trees. Over a period of 80 years, French archaeologists painstakingly and cautiously restored what they could of Angkor, concentrating on Angkor Wat and Angkor Thom.

Then came the Vietnam war and the Khmer Rouge to bloody the illustrious name of its forebears. Pol Pot proved to be an enthusiastic iconoclast. Some 600 sculptures at Angkor Wat alone are thought to have been mutilated or stolen during his reign of terror.

Despite rumours which continue to fly, the Angkor temples – in the latest reports at least – have not been damaged beyond repair. During the Vietnam war, Khmer pieces flooded the Western market, and smuggling is continuing apace, no doubt due in part to the pitiful desperation of locals who barely find enough food to keep themselves alive. Since my visit nine months ago, apparently five more gigantic heads from the crouching demons who line the Victory Gate at Angkor Thom have disappeared. One turned up at the Biennale des Antiquaires in Paris.

Even more hazardous to the venerable monuments are the well-meaning but ill-informed efforts of the team of Indian archaeologists installed by the government to restore Angkor, Cambodia's greatest cultural treasure and tourist trump card. Angkor Wat's grey stone has been bleached putty colour after it was washed – so I was told – in an ammonia solution, and the surface of cleaned bas-reliefs has been badly eroded. The use of PVA is also rumoured.

A communiqué issued last month by the Cambodian government and opposition groups meeting in Paris to discuss UN peace plans, suggests that there is a pale hope for a New Year peace in Cambodia. UN aid is desperately needed for the long suffering Cambodians, as is the UNESCO umbrella to protect their heritage. Let the French archaeologists, with all their research and experience, leave Passy for Phnom Penh on the first available flight.



Jayavarman VII: safely preserved in the Musée Guimet

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Anyone who has ever tried to look at Old Master drawings in the Gallerie dell'Accademia in Venice will appreciate how hard it is to see the collection. Happily, however, the collection is now being catalogued school by school, published and exhibited.

Roman, Tuscan and Neapolitan drawings went on display in 1989, and a scaled-down version of the show was consigned to the art gallery of Edinburgh University, courtesy of the Instituto Bancario San Paolo di Torino, to mark the honorary doctorate awarded to Francesco Cossiga during the Italian President's State visit to Britain in December (which also brought us, courtesy of Fiat, the great Lion of Venice and its accompanying show at the British Museum). Now it comes south as the first major drawings exhibition in the Print Room of London University's new Courtauld Galleries (until January 13).

Within the three regional schools, the selection of drawings is arbitrary. There are some sheets by the great masters among the 59 on show, but they are more than outweighed by problem pieces, many with new attributions. Incredible as it may now seem, even the authorship of one of the highlights, Michelangelo's fluent black chalk drawing of a *Madonna and Child with Three Angels*, was once disputed. Berenson believes that it and a whole group of other autograph drawings by Michelangelo were the work of his friend and collaborator Sebastiano del Piombo. In fact the *recto* is typical of Michelangelo, and it is the *verso* – the head of an old woman shown here in the form of a photograph – that is both more unexpected and arguably even more beautiful.

The earliest Tuscan drawing, by the Florentine Quattrocento artist Benozzo Gozzoli, is another of the jewels of the collection. The group of exquisite male heads executed in silverpoint and heightened with white on prepared paper makes for an arresting if fugitive image, not least because one half of the sheet is tinted violet, and the other green.

Figure studies, compositional sketches, and drawings after the Antique are found throughout the show, as well as portrait studies (such as one of Ottavio Leoni's delightful coloured chalks) and landscapes. The finest of the latter is a grand Claude pen and brown ink drawing, a *modello* for an even grander painting in the Doria Pamphili. A particular delight is the spirited, sculptural red chalk figure by Alessandro Algardi, drawn on the verso of a sheet on which is scrawled a long love poem.

The discreet charms of traditional Kabuki theatre

The recent holiday season in Tokyo offered Kabuki-lovers (even ignorant visiting foreigners) programmes of special interest and admirable variety. At the traditional Kabukiza, the lovable and uncomfortable old house in Ginza, the popular actor-manager Ichikawa Ennosuke presented his three act, four-hour version of the elaborate 18th century history play, *Yoshitsune Senben Zakura* (The Thousand Cherry-trees of Yoshitsune), concentrating on the section of the play featuring Tadanobu, a brave fox who magically assumes the form of a noble follower of Lord Yoshitsune. The part naturally requires immense athletic versatility, a gift for quick-change (not only of costume but of voice, acting style, mime); and it is a favourite of Ennosuke's and of his adoring fans.

Some years ago, Ennosuke and his company brought this work to Europe, and for many theatre-goers there is served as a thrilling introduction to Kabuki. I was fortunate enough to see it in the incomparable, if incongruous setting of the Teato La Fenice in Venice; and I recall the rapt attention of the usually impatient Venetian audience as well as my own excited awe. A totally alien, yet not at all inaccessible world of theatre opened out before us.

It was fascinating to compare the remembered Venice production – sets and costumes almost unaltered – with the work as it is presented to the local audience. At the Fenice, whether for reasons of economy or of display, Ennosuke played three parts: the fox, the real Tadanobu, and a bluff, stentorean warrior named Benkei. Now Benkei's scenes have been ceded to another actor; but, in compensation we see a great deal more of Tadanobu; and in the second of the current three acts, he engages in an elaborate dance scene with the heroine, Shizuka (Yoshitsune's concubine), which was – perhaps wisely – omitted in the European tour, as virgin audiences might not have appreciated the extended mixture of stylised movement and recitation, evoking a past battle and a night of quasi-love.

After the interval, Kabukiza spectators were able to witness an exceptional ceremony: a *kojo*, or name-taking, at which the 31-year-old actor Ichikawa Koyone was granted permission to use the stage name Monnosuke, used by his father until his death a few months ago. At the ceremony, the new Monnosuke's sponsor Ennosuke spoke frankly about the late Monnosuke's uncertain view of his son's talents and his slow development. The younger actor was equally self-deprecatory, but promised to live up to the family name, with Ennosuke's help.

Then, in the finally act, Monnosuke VIII was seen as Yoshitsune, a part often played by his father. Actually, in this scene he was required to do little except sit and look noble; (stillness is as important an element in kabuki as motion or speech); he fulfilled his assignment with dignity and was cheered, though not as wildly as Ennosuke, who - in the last act – produced his full bag of tricks, making his final exit, in fox costume, over the audience's heads suspended from a cable.

A kabuki season is in progress also at the National Theatre of Japan, less atmospheric but considerably more comfortable than the Ginza house. Though the company has no spectacular superstar like Ennosuke, it numbers many fine players – mostly from the Nakamura family. Their main offering also involved the figure of Yoshitsune. In *Ichi-no-Tani Futuba Gunki* ("Kumagai's Battle Headquarters") there is little magic, but there are many of the confrontations between duty and love, honour and loyalty that make up the fabric of kabuki drama. In Namiki Sosuke's 18th century play, actual events – and chiefly the battle of Ichi-no-Tani – form the background, but the foreground is occupied by partly fictionalised characters and by situations whose reality has been enhanced by the author's rich fantasy.

The central figures are two women, both mothers of sons who have just participated in battle for the first time. Meeting at the general's camp, the women recognise each other after a long separation and, though their sons have fought as enemies, their old friendship and their common maternal concern rekindle the old affection. As a rule we think of the *onnagata* parts in kabuki – the women's roles played by men – as exemplars of delicacy, subtlety and grace; and in many instances, this view is correct. But just as Shakespeare used males both for Juliet and for her nurse, so in kabuki there are many parts depicting older women, devoted hand-maidens, nurses mothers. And in the Sosuke scenes at the National the two mature onnagata were the stars: Nakamura Shikan played the general's wife with a mixture of devotion and earthiness, while Sawamura Tanosuke was the grander, more beautiful Fuji-no-Kata, ex-concubine of the emperor and mother of his son.

For much of the act there is some doubt as to the identity of the son who is known to have been killed; then the general's wife, Sagami, discovers that the severed head brought before the lord in a box is that of her own Kojiro. Nakamura Shikan's portrayal of shock and grief was as formal and as affecting as a Donizetti mad scene. As her husband the general Kumagai, the actor Nakamura Kichiemon rose to equal heights in his farewell, when, stripping off his armour he revealed monk's dress beneath and declares that he has determined to spend the rest of his life as a vagrant priest, praying for his son Kojiro. His exit was a supreme indication of kabuki's emotional power. Even a total outsider, with no knowledge of the language and only the most superficial idea of the drama, could not fail to be moved.

William Weaver

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

A festival of music by Hans Werner Henze dominates this weekend's events in London. The festival, organised by the BBC at the Barbican, is the latest in a highly successful series focussing on leading contemporary composers. Tonight's concert by the BBC Philharmonic Orchestra under Markus Stenz includes the UK premiere of the Violin Concerto No 1. Tomorrow at 16.00 the London Sinfonietta gives the world premiere of a revised concert version of Henze's ballet The Idiot. Tomorrow evening at the Guildhall Theatre the composer conducts his own staging of The English Cat, a black comedy set to Edward Bond's Balzac-inspired libretto. Sunday's concert, in which the BBC Symphony Orchestra will play The Raft of the Medusa, is directed by one of Germany's leading younger-generation conductors, Ulf Schirmer. On Monday Peter Sheppard plays the Violin Concerto No 2 and the festival ends on Tuesday evening with two of Henze's most ambitious scores, Tristan and the Seventh Symphony. Henze will give a series of pre-concert talks and there are early evening foyer performances, including El Cimarron tomorrow and Sunday.

The main event at the Monnaie in Brussels this month is a new production of The Nutcracker by Mark Morris, opening tomorrow. It is conducted by Sylvain Cambreling and runs till January 26. Dance also features prominently in Washington's cultural programme next week, when American Ballet Theater open a short season at the Kennedy Center. On Tuesday the programme is a triple-bill of Gaîté Parisienne, Balanchine's Ballet Imperial and Twyla Tharp's Brief Fling. A new production of Coppélia staged by Enrique Martinez opens next Friday.

The Royal Shakespeare Company visits the Deutsches Schauspielhaus in Hamburg this weekend with The Winter's Tale and Coriolanus. Both productions are by Michael Bogdanov in designs by Chris Dyer. In Berlin, Peter Stein is back at the Schaubuhne to restage his production of The Cherry Orchard, opening on Wednesday.

The most notable operatic event of the week is a 20th century double-bill at the Amsterdam Muziektheater, opening tomorrow. It brings together Schoenberg's Die glückliche Hand and Morton Feldman's Neither, sung by the American soprano Reri Grist. The staging is by Pierre Audi, and the conducting is shared by Oliver Knussen and Richard Bernas.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Painters of Venice: traces the origin and development of the Venetian "Vedute", town views of the 18th century. Canaletto, Bellotto and Guardi form the heart of the exhibition, drawn from collections worldwide. Ends March 3. Also Dutch Watercolours from the 18th Century, an exhibition of 70 watercolour drawings by Jacob de Wit, Cornelis Troost and others. Ends Feb 17. Closed Mon

Van Gogh Museum Van Gogh and Modern Art: paintings by Van Gogh juxtaposed with works by about 40 European avant-garde artists from the years before the First World War, including Matisse, Picasso, Klimt and Kandinsky. Ends Feb 18. Closed Mon

BERNE

Kunstmuseum Matisse, 70 sculptures and around 120 monochrome prints representing all periods of the artist's development. Ends Feb 10. Closed Mon

BRUSSELS

Musés Royaux d'Art et d'Histoire Inca-Peru, an exhibition tracing the evolution and decline of the Inca culture through 450 artefacts. Ends Jan 20. Closed Mon

FRANKFURT

Jahrhunderthalle Hoechst Drawings and watercolours of German Expressionism: a selection of work by Beckmann, Kokoschka, Schiele and others. Ends Feb 2. Daily

THE HAGUE

Mauritshuis Foundation Great Dutch paintings from America: 75 masterpieces from public and private collections, including works by Rembrandt, Vermeer, Frans Hals and Van Goyen. Ends Sun. Daily

LAUSANNE

Fondation de l'Hermitage Francois Bocion (1828-1890), a retrospective including 150 paintings and drawings of scenes around Lake Geneva. Ends Jan 21. Closed Mon

LONDON

Hayward Gallery The Drawings of Jasper Johns, 120 works by the American artist ranging over the past 35 years. Ends Feb 3. Daily.

Royal Academy Egon Schiele and his contemporaries, major exhibition of Viennese paintings, including Kokoschka and Klimt. Ends Feb 17. Daily

MARTIGNY

Gianadda Foundation Retrospective of sculpture, paintings and drawings by Camille Claudel (1864-1943). Ends Feb 17. Daily

MUNICH

Akademie der Schönen Kunste Joseph Beuys (1921-1986), 150 paintings and drawings from the Van der Grinten collection. Ends Jan 27. Closed Mon

Staatsgalerie Moderner Kunst From What We Have and What We Would Like, a selection of work from the gallery's own collection juxtaposed with other work on loan. Ends Jan 27. Closed Mon

Haus der Kunst Paintings and Objets d'Art 1965-1990, an exhibition of work added to the city's art collection over the past 25 years. Ends Feb 17. Daily

Kunsthalle der Hypo-Kulturstiftung Royal Dresden, Art at the Saxon Court: a collection of paintings, sculpture, porcelain, jewellery and other objets d'art showing the artistic and technical sophistication of 18th century Dresden. Included in the exhibition are the 41-carat Dresden green diamond and paintings by Canaletto. Ends March 3. Daily

Lenbachhaus Getlinger Photographs Beuys, photographs of the German artist Joseph Beuys taken by Fritz Getlinger between 1950 and 1963, including portraits of Beuys and photographs of his drawings and sculptures. Ends Jan 20. Closed Mon

NEW YORK

Metropolitan Museum Mexican art from pre-Columbian era to 20th century. Ends Sun

Museum of Modern Art High and Low: Modern Art and Popular Culture, bringing together works by Dubuflet, Duchamp, Picasso, Warhol and others. Ends Tues. Closed Mon

PARIS

Bibliotheque Nationale Memories of Egypt, multi-media exhibition commemorating the bicentenary of the birth of the Egyptologist Champollion. Ends March 17

Conciergerie Saint Bernard et le Monde Cistercien: celebrating the 900th anniversary of St Bernard's birth, the exhibition includes manuscipts, stained glass windows, scale models of cloisters and a huge wine press. Ends Feb 28

Galerie Odermatt Cazeau Wide-ranging collection of paintings by Andre Masson. Ends Feb 2

Grand Palais Paintings, drawings and tapestries by Simon Vouet (1590-1649), whose vast compositions decorated palaces and churches at the time of Louis XIII and Richelieu. Ends Feb 13

Haboldt and Co Drawings by French and Italian masters of the Ecole du Nord. Ends Jan 19

Louvre Recent acquisitions of the Department of Objets d'Art. Includes 136 exhibits of medieval ivories and goldsmiths' work, renaissance bronzes, enamels and majolicas. Also 18th century furniture, tapestries and porcelain, many of which were royal gifts or royal possessions. Ends Jan 21. Closed Tues

Musée des Arts Decoratifs Panoramic wallpapers from the 19th century. Ends Jan 21. Closed Mon and Tues

Musée d'Orsay From Manet to Monet: the museum's acquisitions over the past seven years, including paintings, drawings, photographs and furniture. Ends March 10. Closed Mon

Carte musées et monuments sold in museums and metro stations enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles

PRAGUE

National Gallery Jan Zrzavy (1890-1977), exhibition of paintings at the Wallenstein Riding School. Ends March 3. Closed Mon

ROME

Villa Medici Jean-Honore Fragonard and Hubert Robert: a comparison between two very different 18th century artists, often depicting the same landscape. Ends Feb 24

ROTTERDAM

Museum Boymans-van Beuningen Fra Bartolommeo, drawings from the Italian Renaissance: a selection of 100 drawings from the museum's collection. Most are figure studies for his paintings, and many are on public view for the first time. In addition, eight landscape drawings from European and American collections. Ends Feb 17. Closed Mon

STUTTGART

Staatsgalerie Selection of paintings by the Bolognese artist Giuseppe Maria Crespi (1665-1717). Ends Feb 17. Closed Mon

VIENNA

Kunstlerhaus Roberto Capucci: Gowns as Armour, fashion in steel and silk from past and present. Ends April 2. Also Mozart in Vienna, an exhibition for the Mozart bicentenary. Ends Sept 15. Daily

WASHINGTON

National Gallery A major exhibit of 90 Van Dyck paintings borrowed from collections worldwide and mixed with the gallery's own collection. Ends Feb 24. Also Titian, Prince of Painters: 50 works from public and private collections worldwide. Ends Jan 27. Daily

ZURICH

Kunsthaus Giovanni Segantini (1858-1899), retrospective of post-impressionist paintings and drawings from the three major periods in his life, including landscapes from the Swiss Engadine. Ends Feb 3. Daily

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Massaging the oil price

ONE NOTABLE paradox of the Gulf crisis is the fact that the approach of the UN deadline has conspicuously failed to propel the oil price back to the peaks reached in the autumn. Today's level is a far cry from late September's figure of around $40 a barrel; and while the price will inevitably remain sensitive to the ebb and flow of diplomacy, there is some comfort to be derived from the manifest softness of the oil market in the face of the increasing risk of outright war.

The International Energy Agency (IEA) now estimates that western oil stocks are at their highest levels for nine years. Leading oil producers, including Saudi Arabia, Iran and Venezuela, have moved considerable quantities of oil away from the potential war zone in order to supplement deliveries to consumers in the event of an interruption to supply. Equally striking, the Organisation of Petroleum Exporting Countries (Opec) has shown a remarkable capacity to increase production in a period when western demand has anyway been slowing in response to incipient recession. Historically, in real terms, the oil price is depressed. Does this mean that the IEA has been justified in playing an exceptionally low-key role in the first five months of the crisis?

Oil sharing

Clearly the rapidity with which the market has made good much of the loss of Kuwaiti and Iraqi oil suggests that any resort to the IEA's arrangements for oil sharing between its 21 member states, which can be triggered by a seven per cent fall in oil supplies, would have been academic. But even if the agreement is workable, which some doubt, there are grounds for thinking that it is largely academic anyway. The earlier oil price hikes of 1973-74 and 1978-79 gave rise to crises not of supply but of price. This has certainly been true of the dislocation that has followed the Iraqi invasion of Kuwait and will in all probability be true in the conditions that arise from any western military response.

The real problem is that the impact of higher oil prices on the world economy could be far more costly than the war itself; and it extends far beyond the OECD area from which the IEA draws its membership. Against that background the case for making use of strategic stocks is a great deal more obvious than the case for cumbersome oil sharing arrangements which were devised at a time when much less of the world's oil was traded in a transparent fashion on spot and futures markets.

Market overshoot

The appropriate principles for stabilising speculation are much the same as those that apply in central bank exchange market intervention. While the time horizon in the oil market is different, it is no less prone to overshooting than the currency markets. And to the extent that the oil price loses touch with the immediate realities of supply and demand and acquires an anxiety premium, it would make sense to attack the premium through aggressive intervention when market sentiment looked vulnerable. Where a genuine loss of supply posed little more than a transitional problem it would make equal sense to use strategic reserves to mitigate extreme price volatility. Yet the IEA is only willing to intervene directly where there is a serious shortage of supply, which is precisely the situation in which the use of strategic reserves is likely to be ineffective.

If there is to be any attempt at price stabilisation, the job seems more likely to fall to President Bush than the IEA. The United States holds the biggest reserves and has less reason (or justification) than other countries to worry about releasing those reserves without a simultaneous response from other countries to restrain demand. And it is surely in the wider US interest, not least in terms of east-west relations, to seek to damp down the more extreme fluctuations in the oil price. But the way to deal with the worst-case oil scenario – a serious long term disruption of Saudi supplies – is not through market manipulation. In that event, oil stocks can do no more than limit the wider economic damage.

Mr Lamont's grim options

WHAT BETTER way to start off the Budget season than with an equally peculiar British ritual, the weekend country house party. The discussions at Chevening this weekend are an initial stage in a journey whose end is the chancellor's emergence from "Budget purdah", waving his battered red case. The Budget is the chancellor's day of glory. This year, however, the Budget is unlikely to give pleasure to anyone, except the opposition.

"If it isn't hurting, it isn't working", said Mr Major when chancellor. It is hurting and is going to hurt a great deal more. Already the Treasury's forecasts for the Autumn Statement of economic growth of 0.5 per cent this year look hugely optimistic. But this deterioration in the British economy is only one of the hazards that Mr Norman Lamont will wish to discuss. Far worse, a major war could be under way within a week.

Two questions

Given these uncertainties, the right course would be to focus on two conceptual questions, instead: whether entry into the exchange rate mechanism should change the way fiscal policy is approached; and whether significant reform of taxation can be contemplated and, if so, where.

Since March 1988 the aim of fiscal policy has been to balance the budget (that is, the public sector borrowing requirement) "over the medium term". Unconvinced, in addition, of the need for fiscal fine tuning, the government has taken a fairly passive approach to fiscal policy.

The custom has simply been to take the outcome for the PSBR (or debt repayment) as the target for the succeeding year.

When monetary policy is, if not locked, at least constrained by ERM membership, is such passivity desirable in principle? When interest rates are high, sterling weak and the economy in a nosedive, is such passivity tolerable in practice? The questions are still more pressing when the growth of M0, or narrow money, has been within the Treasury's target ever since last August.

The case for a more aggressive fiscal policy has, indeed, been strengthened by ERM entry. Furthermore, the economy is weak and capital markets could readily accommodate a large fiscal deficit.

Nonetheless, the government would be ill advised to make substantial net changes in taxation beyond those required by the indexation of allowances. A discretionary tightening of fiscal policy is not required. There will be no real fiscal drag (the tendency of tax revenue to rise more rapidlythan gross domestic product) to offset. Last but not least, a discretionary fiscal loosening could be counterproductive in terms of the main aims of lower inflation and lower rates of interest.

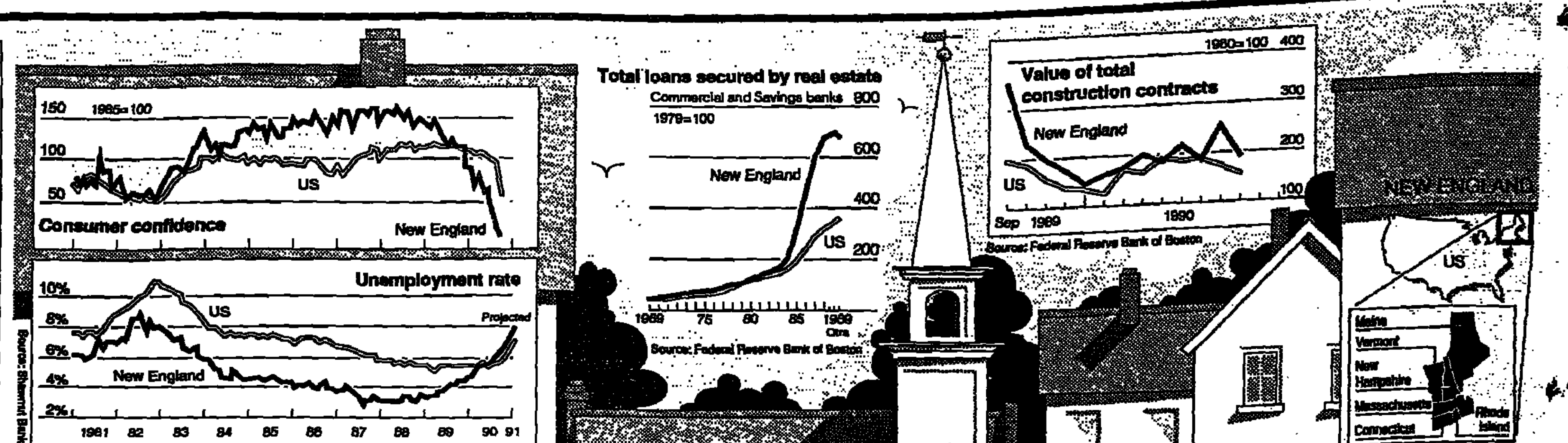
In the UK discretionary fiscal changes have almost always been ill-timed. Any action this year looks likely to be far too late. But the main objection to a discretionary fiscal loosening is that the recession is not so much the problem as the solution. The government has chosen a disinflationary policy. That being so (and presuming it is not thinking of a U-turn), it is both politically and economically desirable to get the pain over as quickly as possible.

What will lead the economy out of the recession will be falling rates of interest. For this the rate of inflation needs to be pushed down as swiftly as possible and the credibility of the exchange rate needs to be increased. Both require a firm Budget.

Taxation of perks

Yet such a Budget need not be boring. There are ways to raise revenue – through the taxation of perks, such as those for company cars, or modification of mortgage interest relief or, more radical still, re-introduction of a property tax – that would allow tax changes elsewhere. This revenue could then be used for further incentives for savings, for example.

Nonetheless, Mr Lamont's first Budget is unlikely to be an occasion of joy. He can offer little. He must, instead, reinforce the bold policy on which his predecessor embarked. Only thus can he attain what both he and the country need: sharply lower inflation, lower interest rates and a durable economic recovery.



As recession deepens across the US, some of New England's problems are spreading, write **Alan Friedman** and **Martin Dickson**

Dire straits, and getting worse

On the 32nd floor of the Federal Reserve Bank of Boston, Mr Richard Syron, the Fed's 47-year-old president, is pouring coffee for a visitor and cold water on prospects for the New England economy and its banks.

"There has to be a massive consolidation of the banking system in New England," Mr Syron booms, "and I don't mind saying massive!" He adds that the number of institutions in the region – some 627 commercial banks and thrifts – will diminish by a full third during the 1990s.

Half a mile away, snowflakes are drifting down upon the insolvent Bank of New England (BNE), once the region's second-biggest bank and now in the hands of the Washington regulators who seized the 300-branch institution last weekend.

In the executive suite of the failed bank, representatives from the Bank of America and Banc One of Ohio are picking over the carcass of BNE, hoping to acquire its New England branch franchise cleansed of nearly $6bn of problem loans. An executive takes a break from the chaos to tell the sorry tale of how worthless real estate loans and recession pushed the bank over the brink.

Meanwhile, some 50 miles south-west of Boston, the lights are shining brightly in an otherwise deserted Rhode Island State House as Mr Bruce Sundlun, the septuagenarian governor who shut down 45 of the state's own banks on January 1, works another 14-hour day.

Rhode Island's problems are different from the rest of New England; here it was not only real estate but organised crime that helped wreck some of the state's banks. But Mr Sundlun, a millionaire businessman with a no-nonsense approach to life, has already won the award for decisiveness in the spreading New England banking crisis.

The fundamental problem for Governor Sundlun, and for his counterparts in the other five states that comprise New England, is that the region, along with New York, is in the vortex of the US recession. It is undoubtedly the worst-hit part of the country, with a financial system that is consequently under immense strain.

New England's recession began two years ago – long before the nationwide slowdown took hold last autumn. Nearly 140,000 jobs have been lost over the past 14 months, or double the level of the 1981-82 recession. Unemployment in New England is now nearly 7 per cent, against a national average of 6.1 per cent. It is expected to peak this summer at almost 8 per cent, a full percentage point above the national level.

Consumer confidence, meanwhile, has hit rock bottom. Retailers in Boston are offering discounts of up to 70 per cent on luxury goods. According to the Conference Board, the consumer confidence index in New England stood at 140 in early 1989; it has now dropped to just 22 – the lowest level recorded anywhere in the US since the statistical measure was begun in 1970.

But statistics tell only part of the story; gallows humour has taken the place of 1980s bravado. "At least I outlasted the bank," joked one fallen property developer.

"Do you know what a neutron loan is?" asks a prominent real estate lawyer. "It is when the bank and the borrower both self-destruct, leaving only the property standing."

Two key questions are posed by this painful state of affairs: how much more can the regional economy fall? And are the severe problems of New England the results of unique circumstances or, more ominously, are they an accurate harbinger of a deeper recession and set of bank failures that could soon cascade along the eastern seaboard and then even farther afield?

To answer those questions, it is necessary to look at how New England got into its plight. The region, which contains 5.3 per cent of the US population and accounts for a little larger share of national output, has had to work hard for its living since the Pilgrim Fathers landed on its inhospitable shores in the early 17th century.

For the rocky, thickly wooded region, with its economic heartland centred on Massachusetts and the port city of Boston, lacks natural resources. Down the centuries its inhabitants have relied so successfully on brainpower to rebuild economic growth out of slump that a phrase has been coined to describe it: "yankee ingenuity." In the mid-19th century, for example, New England was the cradle of the American industrial revolution and the textile mills in the Massachusetts town of Lowell were the envy of the world.

The early 1980s witnessed a particularly dramatic example of this cycle of economic renewal. New England suddenly experienced employment growth and wage rates well above the national average. The politicians called it the "Massachusetts miracle", and Mr Michael Dukakis, then governor of the state, fought an unsuccessful presidential campaign on the strength of it.

But the miracle proved a mirage. The prosperity stemmed in substantial measure from a lucky coincidence which saw three of the region's main sectors enjoying strong simultaneous growth: the cold war policies of the early Reagan years were kind to local defence contractors; the information technology explosion helped the cluster of computer companies on Route 128, the main highway around Boston; and strong growth in global capital markets gave a thrust to the city's financial services community.

By 1986-1987 all those sectors were turning down. Defence spending had peaked, the computer industry was hit by a global decline which affected several leading New England hardware companies, and finance suffered in the wake of Wall Street's Black Monday. In addition, the region was fast shedding other manufacturing jobs, scared off by an extremely rapid rise in property prices and labour costs.

New England, along with New York, is in the vortex of the recession. It is the worst-hit part of the country

But despite the slowdown in the region's growth, a speculative binge of real estate investment none the less developed in the mid-1980s as cash-rich banks and thrifts virtually threw money at property developers. The price of office space in suburban Boston rose from $9 to $20 a square foot between 1981 and 1988. Although no big bank was as reckless in its lending as the fallen Bank of New England – which allowed 37 per cent of its total loan book to be concentrated in commercial real estate – the Boston Fed says that the proportion of total commercial and savings bank loans secured by real estate in the region jumped to twice the national average by early 1989.

The real estate bubble was bound to burst for more than just cyclical reasons. In the late 1980s more than 100 thrifts in the region went public and raised an enormous amount of equity capital; in Massachusetts alone a handful of thrifts sold $1.5bn of shares in just 18 months. Capital ratios skyrocketed, in some cases above 30 per cent, so the thrifts then went on a lending spree. "It was not hard, with federal insurance, to raise the liability side of the balance sheet," says the Fed's Mr Syron. "It was a lot harder to book good assets."

Mr William Seidman, chairman of the Federal Deposit Insurance Corporation, told a congressional committee that he could not rule out the possibility of more bank failures similar in size to that of the Bank of New England. The corporation is expecting $9bn of losses in 1990-91 as a result of bailing out failed banks, and – in a stark indication of things to come – is seeking a $25bn levy on healthy US banks to replenish its funds.

Recovery for New England will almost certainly be long and painful. Mr Syron and most economists agree that the region will reach the bottom of the recessionary trough at least six months after the national economy – or some 12 to 18 months from now. This is because the banks, anxious to repair their capital ratios, are nervous of taking on new loans, and corporate New England faces an acute credit crunch.

Mr Jasper Evarts, a fund manager at Harbor Capital in Boston who is a director of the Boston Stock Exchange and a member of the board of the Cambridge Trust Company, a small private bank, says the banking sector has been hit so hard that its willingness and ability to lend could make recovery slower. "Too many loan officers are now pleased with having the fewest number of write-offs rather than the largest number of loans."

The freezing of bank credit in turn is accentuating the problems in the property market. Whereas in 1988 the stock of new office space in the Boston area was equivalent to a two-to-three year supply, analysts say the surfeit means there is now six or seven years' worth. A leading real estate expert says that besides the banks, several big insurers are also sitting on huge piles of foreclosed property – and insurance could be the next sector to suffer.

With home values plunging and the unemployment rate rising fast, it will also take a long time to restore shattered consumer confidence. At the same time, New England's state governments are struggling with huge budget deficits because the recession is eroding the tax base. They will either have to increase taxes or slash services – and doing either will add to the downward economic spiral.

To all these local factors must now be added the national recession the US entered last autumn, which will cut demand for New England goods and services outside the region. And if a Gulf war leads to a sustained rise in oil prices, New England will suffer particularly severely, since imported crude accounts for more than 60 per cent of its energy costs.

Nor are there any substantial signs of light at the end of the tunnel. It is true that Boston's large mutual funds (unit trusts) business is still in good shape, that a fledgeling bio-technology industry offers promise, and that the weakness of the dollar is helping export businesses. But none of this seems likely to provide the big new industrial engine needed to kick-start the economy.

As recession deepens across the US, some of New England's difficulties are being repeated in other regions. In particular, real estate values have been crumbling down much of the eastern seaboard, which in turn suggests that more banks – though most of them small – will go to the wall, from New York state to Georgia.

However, no other eastern region is expected to face difficulties as severe as New England's. This is partly because their growth in the boom years was not so marked or unsustainable; and partly because the regional economies of New York, New Jersey and the mid-Atlantic states tend to be more diversified and balanced. Banking failures across the US cannot be ruled out. Mr Seidman says that should the recession prove deeper or longer than forecast, more bank failures will be "almost assured". This would increase the cost of the federal bail-out to the government and further weaken the fabric of the fragile American economy.

Back in Boston, it is perhaps indicative that a debate is raging as to whether the region's crisis is as bad as that of Texas in the mid-1980s, when the crash of crude oil prices sent the economy into a tailspin that saw the failure of nine of the state's 10 largest banks.

The answer is almost certainly not. Mr Nicholas Perna, chief economist at New England's Shawmut Bank, says that "on the Richter scale there is an earthquake here of six, as opposed to a Richter nine in Texas".

This may be the case, but for those falling into the cracks opened by New England's economic earthquake, such comparisons offer precious little comfort.

OBSERVER

Dentsu rubs it in

■ Saatchi & Saatchi eat your heart out. While Britain's crippled advertising giant was tendering its financial rescue plan in London, its Japanese counterpart Dentsu was flaunting its advertising industry leadership by throwing the world's most lavish new year party.

Even compared with Saatchi's glory days, when it thought nothing of converting Alexandra Palace into a replica of its Charlotte Street headquarters, Dentsu's thrash was bigger and better.

On the first floor of Tokyo's Imperial Hotel there was champagne and a baroque music trio in front of a mock-up of Berlin's Brandenburg Gate. All around were bistros, beer halls and restaurants of various national distinctions to support the "Spring in Europe" theme.

Moving up a floor, you could have your portrait drawn, be filmed in high-definition video against one of four eastern European backdrops (sample – Chopin's home in Poland), be told your fortune by palmist, tarot-card reader or astrologer, then take in a 20-minute floorshow featuring many beautiful young ladies, Japanese and otherwise.

It took a year to plan the party for 11,000 people which now takes the road to Osaka, Sapporo, Nagoya and Fukuoka. While Dentsu won't say what it costs, anyone conversant with Tokyo prices will know £2m is a conservative estimate.

Come to think of it, wasn't that the paltry sum Saatchi tried to save shareholders with its ill-fated convertible preference share issue?

Cheque mate

■ In a bid to placate the Sids, Franks and disgusteds of Tunbridge Wells, who complained bitterly about the way shares were allocated in last year's privatisation of the 12 regional electricity companies, the government has promised that when the two generating companies are floated, nobody's cheque will be cashed unless they are due for some shares.

Hardly generous, you may feel, but last time round some people's cheques were cashed, and then returned to the unsuccessful applicants a few weeks later.

This was because shares in each regional company were allocated separately, and some cheques had accordingly to be split into twelve, says Dewe Rogerson, the government's highly paid marketing adviser.

Surely it couldn't be just a cynical ploy to top up privatisation revenues with a modicum of interest income?

Power points

■ Giulio Andreotti, 72 next week, is the wittiest as well as most durable of Italian politicians – he has been a minister for most of the past 40 years. And his sixth term as premier has not prevented him from publishing a book of selected quips from his concurrent career as a political entertainer.

The title – "Power Exhausts... but it is better not to lose it" – derives from one of his classic utterances: "power exhausts those that do not have it." Here are some other samples.

On a chauvinistic note: *The better I know certain gentle ladies, the better I understand the fascination of ecclesiastical celibacy.*

Of an anti-clerical colleague: *He could not stand being close to priests, except at election time.*

The politician: *The most difficult dictatorship to hate is one's own.*

Andreotti, man of the church: *I do not have personal plans, but aspirations. Rather, one aspiration alone: to die with God's grace, as late as possible.*

"I've taught it to talk for six hours without reaching any conclusion."

Knotty one

■ To breakfast aboard the 67ft Rhone-Poulenc, perched high albeit not altogether dry outside London's Earls Court for the Boat Show. Come September next year 10 identical yachts leave Rio in the British Steel Challenge: a race round the world widdershins – east to west, against the spin.

Overheard Jorgen Philip-Sorensen, chairman of Group 4 Securitas which is sponsoring one of the contenders, describe inauspicious start to own seagoing career. "Bought my first boat in Sweden. It sank after a week."

Also heard salty Chay Blyth discourse on selecting race crews from volunteers keen to pay £14,850 for the privilege. They're not always easy to accommodate, it seems.

Following joint application from married couple, he interviewed them separately. On asking the husband if he wanted to sail in same yacht as his spouse, he answered "Of course". The wife's reply to the same question was "Like hell I do."

Schmaltz hotel

■ Anyone tempted to go on Hidden Hotels' £350-a-head "give your partner more pzazz" weekend would do well to check for the hidden extras. The package, supposed to rekindle ashen romances, is being marketed in the run-up to St Valentine's day.

True, the price includes the personal musician who can be cued to toot flute, twiddle fiddle or even thrum drum at decisive moments. Likewise the white tuxedo and/or off-the-shoulder dress, and the "official conversationalist" to teach chatting-up techniques over afternoon tea.

But if either party wants to sparkle in a borrowed tiara the bill goes up by £40. And cutting a dash by driving around in a Ferrari not only costs an extra £500, but is limited to lovers aged at least 28.

Fighting spirit

■ Cambridge University Boat Club did a quick rethink about its trial run today on the Thames, the first stage in the selection of the crew to row against Oxford on March 30.

The two trial boats are traditionally given silly names. Last year the boats were christened Red Alligator and The Banshee. But this time Cambridge, who have beaten Oxford only once in the last 15 attempts, hoped to inject some fighting spirit into their crews by calling the boats Iraq and The Rest of the World.

However, in the interest of taste and to the dismay of headline writers, a different spirit is being injected. The two boats have been renamed Drunk and Disorderly.

POLITICS TODAY

Clarke conducts his own class-warfare

By Joe Rogaly

It is easy to rant at British education. Some of us have ranted for a long time. We have had to. During the past quarter of a century apoplectic outrage has been the only rational response to the discovery that since the late 1960s many of our state schools have been staffed by lunatics.

It is not so easy to accept evidence that the managers of the asylum may be gearing up to do better. Yet we appear to be at the start of what with luck might turn out to be a period of slow improvement. By the time the new century dawns quite a few British state schools may be on the verge of adequate. The best of them may even meet the needs of children who will be aiming for jobs in a competitive Europe.

The headlines of the past week suggest otherwise. Yesterday's were to the effect that her majesty's inspectors of education find that the teaching of reading is "less than satisfactory" in a fifth of the institutions of lower learning they have visited. The figure is not as bad as might have been expected from the stories you hear from concerned parents, but it is nevertheless terrible. A concomitant report from the National Foundation for Educational Research indicates that since 1985 there has been a fall – doubtless a *further* fall – in the reading standards achieved by seven-year-olds. Mr Kenneth Clarke, the canny new secretary of state for education, was quick off the mark with an instruction to schools and local education authorities to try harder.

He must know that such an instruction is more likely to be filed away than acted upon. Something else is required, something more radical. Curiously, we may already have it – or at least the makings of it. I refer to the much-maligned Education Act put through in 1988 by Mr Clarke's predecessor but one, the ever-smiling Mr Kenneth Baker. Mr Baker has his critics, and indeed his faults, but this is not the occasion on which to rake over all that. For his place in history, as the minister who put the 1988 act on the statute books, is secure. It is a powerful piece of legislation. Properly implemented by future governments, it could come to be regarded as the prime achievement of the Conservative government elected in June 1987.

To appreciate this, hark back to October 8 1976. On that day Mr James Callaghan, then freshly in office as Labour prime minister but now a peer, spoke about the low standards attained by young people in British schools. It was a carefully-constructed speech: at the end of it the stubborn lunacy of the teaching profession was exposed. To Lord Callaghan, then, goes the credit for initiating a "great debate" on education at a time when child-centred, progressive, know-nothing-and-strive-less teaching was at its most destructive.

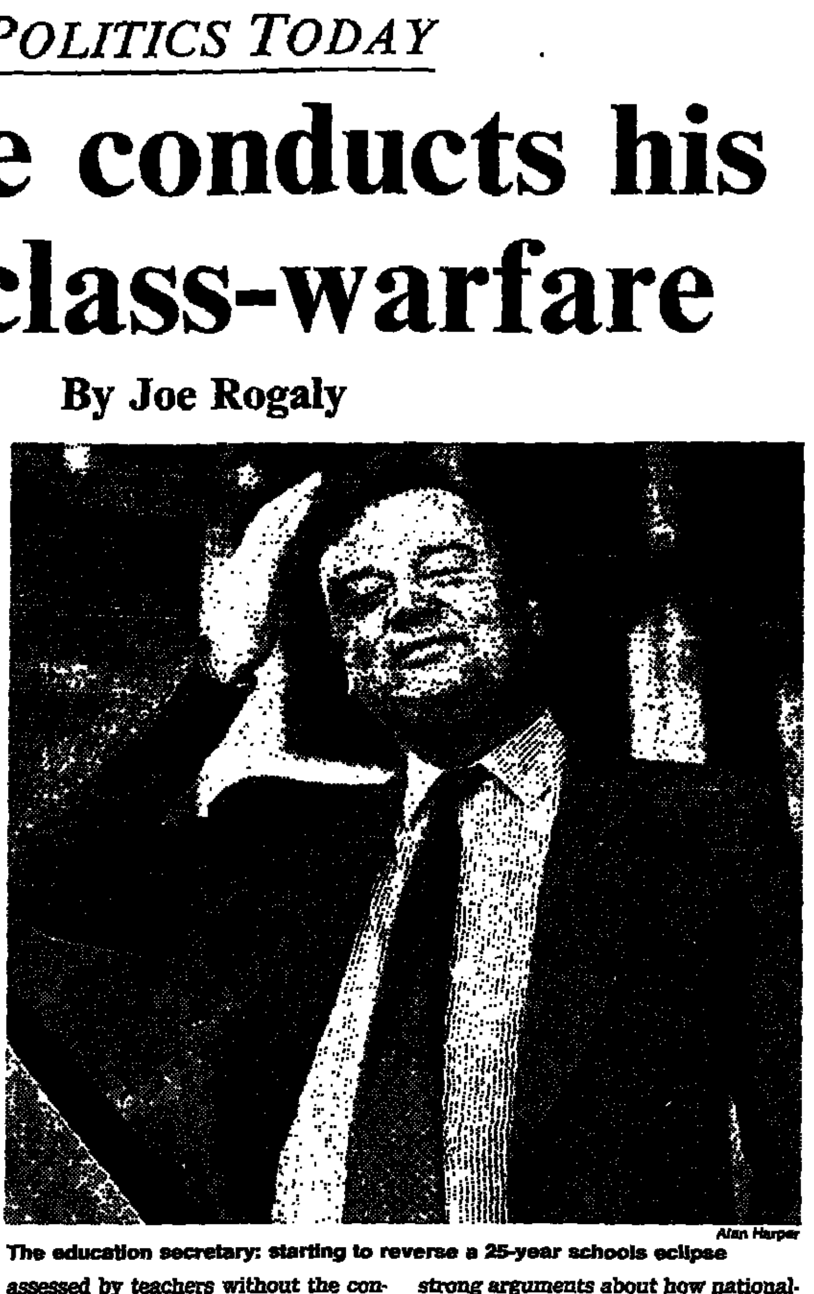
There was no mystery about what had to be done. Control over teaching had to be wrested from the teachers. Their "secret garden" had to be invaded. Their right to ruin children's minds behind securely-closed classroom doors had to be removed. Yet no minister, Labour or Conservative, dared to tackle this until Mr Baker came along. All of them, including Shirley Williams, Mark Carlisle and Keith Joseph accepted the Department of Education's belief that its job was to supervise school building, period. The first two Thatcher terms passed, and nothing was done.

But Mrs Thatcher, herself a former education secretary, did eventually recall the echoes of the Callaghan-inspired debate. Perhaps because of her recollection of the character of the Education Department, the then prime minister set her sights low. She demanded a basic core curriculum, designed to give children in the worst schools an acquaintance with the three Rs, plus a smattering of science. There would be a few simple tests. Mr Baker took on the brief, but amplified it. You would expect that of him, for he is a man of dreams. I can recall when he wanted to link every home in Britain to a network of fibre-optic cables. He dreamed so strongly about his education bill that he found the strength to win his arguments with Mrs Thatcher.

The result was a legal requirement for a 10-subject core curriculum, with children to be "assessed" (heaven forbid they be tested) at the ages of seven, 11, 14 and 16. On that foundation the Education Department has subsequently erected a great administrative edifice with curriculum councils and a school examinations and assessment council and a large number of criteria for the provision of information. It has two flaws: it is unwieldy, and it is still at least partly infested with 1960s child-centred notions that persist into the 1990s.

Mr Baker's successor, Mr John MacGregor, started to tackle the unwieldiness. The original cunning plan provided for continual assessment of pupils' progress. It would be carried out by teachers, working to a long list of attainment targets, over all subjects. On top of that there would be national tests the results of which would have to be reconciled with those carried out by the teachers. All of this involved hundreds of hours of checking and entering. It was impractical, a desk-bound blueprint.

Mr MacGregor ordained that at the ages of seven and 11 the national assessments would apply only to "key aspects" of mathematics, science and English – more or less Mrs Thatcher's original agenda – and that the other seven subjects would be



Alan Harper

The education secretary: starting to reverse a 25-year schools eclipse

assessed by teachers without the control of a national standard test.

Since he succeeded Mr MacGregor in November, Mr Clarke has taken the simplification further. He has asked for a review of the attainment targets in science and mathematics. These targets are broad subsets of each subject. The review should produce fewer targets – perhaps four or five, as there are in English and technology – rather than the 14 currently set for maths and the 17 for science. Recoiling from the notion of a 10-part compulsory GCSE examination at 16, he has designated English, mathematics and science (again Mrs Thatcher's original trio) to be core subjects. Art and music are no longer compulsory after age 14. History and geography become alternatives in the later years.

Mr Baker would probably not have done that. He has a vision of the importance of history as a part of the national psyche. In fact there were strong arguments about how nationalistic history should be. Downing Street had its views; Mr MacGregor battled to neutralise this controversial curriculum. We shall see how far he got when draft parliamentary orders on history and geography are published next week. Those who argue that the state should not be deciding these matters at all are supported by the evidence of such internal quarrels. At least we have no equivalent to the French obsession with where to place the circumflex.

All of the above has led to some teasing. What happened, it is asked, to the incredible disappearing curriculum? Most of it, perhaps still too much, remains in place. Music, art and physical education are yet to be set; they will be less detailed than the others. Interim reports from their working groups are due this month. The timetable for getting all 10 subjects into ring binders and tested stretches to the summer of 1997; perhaps we shall have a single European currency before it is complete. Meanwhile this summer parents of seven-year-olds will get their first reports based on the new curriculum, as assessed either by teachers or via the standard national assessments.

As to the child-centredness of the curricula themselves, even a minister with as much energy as Mr Clarke will be hard put to recover ground lost to the soppy educationalists and gullible outsiders with whom the curriculum councils were packed by the education department. Yet the degree of structure already built in is better than what went before. In time, the curricula may be modified to demand higher things of children. Asking that the little dears be sweated, or properly tested, or allowed to compete against one another, is perhaps not for this century.

This overall conclusion is less frustrating if you accept that it takes about a generation to make real changes in educational practice. Mr Baker's achievement has been to build a machine for making those changes. It is not in itself sufficient. Teachers will have to be better paid, but then they are sure to get a fillip after the next election, whoever wins. Labour proposes an education standards council; the Conservatives could do worse than pinch the idea and put on it people who favour more rigour. Set them to do battle against the existing inspectors and curriculum councils. Both parties now propose to assess teachers' performance in the classroom. Labour currently has the highest aspirations.

What neither party seems yet to have realised is that Mr Baker's machine could be turned towards improving the status of technical and vocational education. It brings technology into the primary school for the first time. Mathematics and science are now compulsory for all. If further non-academic subjects could become options, the makings of a useful education system, with parity of esteem for all subjects, are there. Providing separate schools for the academic, the technical-minded and a middle group may be wise, but it is not practical politics. The national curriculum could be modified to serve the same purpose, within schools. That would allow pupils the degree of choice contemporary society expects. They could cross from academic to technical and back, as they are able to do between schools in Holland.

All of this may seem unduly optimistic, but my own sense is that we are over the worst. The national urge to improve the system is becoming palpable. Working through the British Association for the Advancement of Science, Sir Claus Moser has engineered the establishment of a freelance Royal Commission on education – to be called the National Education Commission. He has roped in the Royal Society, the British Academy and the Fellowship of Engineering and got the money from the Paul Hamlyn foundation. The political parties all see education as a leading electoral topic. We must rant on, but perhaps not for a further 25 years.

The state and social behaviour

No reason for regrets

By David Walker

From a study commissioned by the Economic and Social Research Council: the way to cut down on smoking is to fall in love. Taking up with a non-smoker led to giving up – according to a panel asked to report changes in their health-related behaviour. Pillow talk secures more enduring changes in behaviour than pamphlets from the Health Education Authority.

Fragile evidence, but it is illustrative. Much of what goes on "deep" in society remains impervious to efforts by the state to alter behaviour that has officially been condemned. The category includes various labour market behaviours (demanding pay increases) and consumption (borrowing to pay for it) that even a liberal, free-market government wants to intervene to stop.

If it is too hard to get us to stop using credit cards, how much more difficult is it for the government to prevent procreation, or dragoon women into marriage. And if the state cannot alter demography, how can it change social policy?

The intractability of behaviour at large (to use a favourite phrase of the council's chairman, Professor Howard Newby) is an ancient torment of the left, worried about collective action. It is more recent news for the right, who in their recent years of ascendancy have invoked the authority of the state when what people get up to in their private worlds has turned out to be morally repugnant or to border on the anarchic.

Crime is the most striking example of behaviour which governments find difficult, if not impossible, to alter at source. Where indeed is the joystick for a Conservative government anxious about theft or urban violence? The latest figures show increases in various classes of offence. The latest home secretary is trotted out to respond: but he, as usual, does not even begin to address the absence of any coherent relationship between numbers of police, prison officers and judges and the level of behaviour labelled criminal.

Single parenthood; illegitimacy: Conservative ministers have become alarmed; the Centre for Policy Studies has cribbed grandiose schemes of social engineering from the American New Right to deal with them. The fact that government ministers never quite ended up with a family policy is surely because, like crime, child-bearing and the fissile tendencies in man-woman relationships in modern Britain are shaped by causes which are too big and too complex for a liberal democratic state even to attempt to do anything about.

In what to positivists may look like an odd celebration of the council's 25th anniversary, Prof Newby tells policymakers that the capacity of the state is being curtailed by a long-run trend that accelerated in the 1980s. "Privatisation" has insulated people from the attentions of policymakers, their activities have become more difficult for statisticians to measure, and for conviction politicians to change.

Governments are not powerless, nor are they wholly ignorant. The point is that social interventions in the 1990s should take place tentatively, locally, experimentally. If social and economic reality is more intractable, the most appropriate style for both social investigator and policymaker is, surely, humility. That certainly was not a Thatcher attribute. Mr John Major's "classless society" – insofar as he was implying that government can rearrange social structure – sounded a disconcertingly positivist note.

Governments can inform and seek to persuade people to shift of their own volition. But it seems, at the end of an interventionist era, that the limits to the domestic reach of the British state are growing – a fitting parallel to its lack of international "sovereignty".

Conditions exist for messier, less predictable social policy implementation – and a concomitant reduction in public expectations of government's capacity. When the next set of government forecasts goes awry, when chancellor or home secretary yanks the policy lever but nothing happens, the weakness of the state should be no cause of regret.

The author presents Radio Four's Analysis programme.

LETTERS

Old taxation habits die hard

From Mr Liam Mulloy.

Sir, The article by Lucy Kellaway and Tim Dickson ("Painful birth of single market", December 19) said the first beneficiaries of single market principles are banks.

It is perhaps worth pointing out that the single market for Undertaking for Collective Investments in Transferable Securities (Ucits, or unit trusts in the UK), was agreed in December 1985 with an implementation deadline of October 1 1989.

A progress review reveals that only 290 or so funds have taken advantage of the legislation (which requires marketing and promotion activities to come under the host/destination country's control) and taken the cross-border plunge. Interestingly, the greatest barrier to increased cross-border activity has not been the diverse distribution practices or cultural differences within the EC, but rather the stubborn national bias in taxation practices.

Liam Mulloy,
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UK exporters fear for their future if privatisation of ISG goes ahead

From Mr Anthony M.W. Platt, Lord Selsdon and Mr David Perry.

Sir, There is a growing level of concern among exporters throughout the country about the fate and future of the Insurance Services Group (ISG) of the Export Credits Guarantee Department (ECGD).

The matter has become urgent in view of the legislation being brought before the House in the next few days, and the options for exporters seem to be increasingly limited.

Big associations representing the vast majority of exporters using the facilities afforded by ISG have been sharing their concerns, which are as follows:

● It is imperative that the existing level of service to exporters from Cardiff should not be diminished, both in terms of the markets covered and credit period available.

● Many exporters, particularly smaller and medium-sized concerns, depend upon a policy to support their export activities and their bank lending. Any change which diminished the quality of this security and thus the banks' ability to lend would have a profound and potentially disastrous effect upon thousands of companies already struggling with high interest rates and a reduced economy.

● If the decision to privatise and sell ISG is immutable, then there is an absolute duty of trust upon the government to ensure that the facilities available do not deteriorate in any way. In this regard, we have concerns that the possible purchaser of the private insurance market in London and elsewhere has neither the capacity nor the appetite to absorb the obligations routinely accepted by the ECGD.

It is vital, therefore, that government guarantees continue to be available to bridge the gap between international competitive practice and the availability of cover in the private market.

We are concerned that the ongoing government involvement should not be limited to three years, but should continue to be available to British exporters on at least the same terms as those employed by our competitors.

● There is no evidence whatsoever that other EC countries or trading rivals are dismantling their trade armoury. There is no question that any diminution in support for cases of national interest will be immediately harmful, and it is vital that, whatever arrangements are made, that support is maintained.

● In a difficult and competitive international climate, there is no desire among exporters to be presented with a monopoly as a *fait accompli*. Should such a situation arise, very strong safeguards would be necessary. It is worth noting that other countries are continuing to provide competitive financial facilities.

Anthony M.W. Platt,
chief executive, London Chamber of Commerce and Industry;
Lord Selsdon,
president, British Exporters Association; and
David Perry,
chairman, Credit Insurance Group

We would see some strange results with present hard Ecu proposals

From Professor Tim Congdon.

Sir, In their further thoughts on the hard Ecu proposal, Mr Patterson of the Treasury ("HM Treasury fights criticism of Bulletin's hard Ecu proposal", December 13) and Mr Paul Richards ("A hard Ecu managed by EMF would not be inflationary", December 19) conjure up a strange vision. On the one hand, the European Monetary Fund is to issue hard Ecu liabilities, but hold only national currency assets (it is difficult to see what else the Treasury could mean in saying that hard Ecu liabilities are to be issued "only in return for national currencies"). On the other hand, commercial banks are to be free to have both hard Ecu assets and liabilities.

At various points in their writings the Treasury and Mr Richards have claimed that by restricting EMF assets to national currencies, the introduction of the hard Ecu could not add to the money supply and would not be inflationary. But this restriction would be relevant only to the EMF. They do not want it to apply to commercial banks. Commercial banks would therefore be able to create hard Ecu deposits, and so new hard Ecu money balances, in the normal way by making new hard Ecu loans. The Treasury and Mr Richards appear to have conceded my point, that the restriction on the EMF's assets would not curb the money-creating activities of the hard Ecu commercial banking system.

They admit as much when they say that changes in hard Ecu interest rates, determined by the EMF, would be required to control hard Ecu "broad money" (that is, commercial bank deposits) and would be the principal means of monetary control. They clearly believe monetary policy in a pan-European hard Ecu system would be analogous to that in national monetary systems. Here also they are wrong.

In a conventional monetary system the central bank holds assets denominated in terms of the national currency and accomplishes its interest-rate objectives by transactions in these assets (usually Treasury or commercial bills) with the banks. The price it sets on the bills determines short-term interest rates. But the Treasury and Mr Richards say the EMF could not hold hard Ecu assets. It therefore could not buy and sell hard Ecu bills, and could not determine their price and set interest rates in the traditional manner.

The Treasury and Mr Richards may have another idea in mind, that the EMF could control hard Ecu interest rates by varying the rate on its deposits. This raises the question of why the EMF should have this power, as it would be only one player among many. Unless its liabilities were special in some way (perhaps because of legal tender status), the commercial banks – taking their cue on interest rate levels from existing national central banks – could be just as important as the EMF in setting the hard Ecu rates.

But, for the sake of argument, assume the EMF could control interest rates. Presumably the intention would be to raise interest rates if hard Ecu lending and broad money were expanding too rapidly. A very perverse result would then follow. The rise in interest rates might slow down hard Ecu lending by commercial banks, but it would make the EMF's own deposits more attractive than before. This would encourage people to switch out of national currencies into hard Ecu. The growth of hard Ecu broad money might moderate, but only by causing the EMF's liabilities to expand more quickly.

Mr Richards performed a public service by putting the original proposals together and so making the Treasury start to think about fundamental questions on the meaning of "a currency money monetary policy" and so on. But the proposals, although imaginative, were not thought through properly. They should never have been the basis of official policy and should now be dropped.

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FINANCIAL TIMES
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NEW RANGE OF REGIONAL JETS

Aerospace groups plan consortium

By Paul Betts, Aerospace Correspondent, in London

A GROUP of leading aerospace companies, including Aérospatiale of France, Deutsche Aerospace and Aeritalia, plan to set up a new manufacturing consortium to build a range of 80- to 130-seat regional jets.

The new group is also likely to include de Havilland of Canada, Mr Henri Martre, the Aérospatiale chairman, said yesterday.

The French group and Aeritalia are currently negotiating the acquisition of de Havilland from Boeing of the US. Mr Martre said there were good chances that the deal could be completed in the next few weeks.

The partners in the new venture also intend to pool their marketing networks and products in the commuter and regional airline sector in a new group called International Commuter.

This would include the ATR turbopropellor aircraft jointly made by Aérospatiale and Aeritalia, Deutsche Aerospace's Dornier turboprop, and possibly the de Havilland range if the deal with Boeing is completed.

The new partnership would compete against British Aerospace, which has its own range of commuter and regional aircraft.

BAe recently announced plans to develop a 130-seat version of its 146 regional jet with two instead of four engines and is looking for partners to share in the $1bn development costs.

Fokker of the Netherlands is also planning a new 130-seat derivative of its twin engine Fokker 100.

Mr Jean Pierson, the chairman of Airbus Industrie, also indicated this week that the European large aircraft manufacturer was still interested in developing a smaller 130-seat version of its A320 twin engine jet.

For Aérospatiale, the planned new regional jet consortium is part of a series of international partnerships the French state-owned group is negotiating to strengthen its businesses.

Aérospatiale is holding talks with McDonnell Douglas, the US aerospace group, over possible collaboration in the guided weapons sector, Mr Martre said.

In the space sector, the French group is actively involved in setting up a European satellite consortium including Deutsche Aerospace and Aeritalia.

The partnership would also have close ties with Ford Aerospace in the US, now controlled by the Loral group. The three European partners are considering taking a 45 per cent stake between them in the Ford space business with Loral keeping the majority.

Among these, Aérospatiale and Deutsche Aerospace are also pooling their helicopter activities into a new venture called Eurocopter. Mr Martre yesterday renewed his invitation to Westland of the UK and Agusta of Italy to join Eurocopter.

Mr Martre said Aérospatiale sales totalled FFr32bn ($6.3bn) last year and were expected to total more than FFr40bn this year.

Lithuanians warned of presidential rule

By Quentin Peel in Moscow and Leyla Boulton in Vilnius

LITHUANIA was yesterday given a virtual ultimatum by Soviet president Mikhail Gorbachev to renounce its moves towards independence.

Mr Gorbachev gave a veiled threat of the imposition of direct presidential rule from Moscow, claiming that "the situation is virtually reaching a dead end," and that he had received numerous messages from organisations and work collectives urging him to take control.

In a statement ringing with phrases of old-fashioned Communist propaganda, Mr Gorbachev condemned the nationalist leaders for attempting "to restore the bourgeois system... under slogans of democracy."

His appeal to the Lithuanian parliament was greeted with both alarm and bravado by the republican leadership.

President Vytautas Landsbergis responded with an appeal to the west for swift diplomatic recognition. "Your determined actions will be capable of preventing new aggressive acts," he said.

Yet he rejected Mr Gorbachev's appeal for the cancellation of all new laws passed in defiance of the Soviet constitution as not worthy of reply.

The Soviet leader's angry and threatening appeal followed confirmation that at least 1,000 paratroops had been flown into the republic, ostensibly to enforce conscription into the Soviet army. The deployment appeared to be in blatant contradiction of assurances from the Defence Ministry and Gen Mikhail Moiseyev, Soviet chief of staff, that no more troops would be sent to the Baltic republics.

Neighbouring Latvia and Estonia are braced for the deployment of paratroops to enforce the draft, after thousands of young men opted for alternative military service in the republics in defiance of all-union Soviet laws.

The same confrontation is brewing in Moldavia, Georgia, Armenia and the western Ukraine, where nationalist movements have encouraged mass draft-dodging.

The Georgian parliament has flatly refused to implement a presidential decree ordering Georgian police and security forces to leave the disputed region of South Ossetia, and allow all-union Interior Ministry troops to restore order. Yesterday, 13 busloads of extra Georgian police were reported to have arrived in the region.

In Moldavia, renamed Moldova, the minority Gagauz people are also ready to defy a presidential decree, refusing to disband their parliament set up to demand autonomy for their small region.

The question now is just how and when the Soviet leader will attempt to enforce his authority – and the military conscription – with the open use of force. The Baltic republics have been given until Sunday night to comply with conscription and none show any sign of doing so. The appeal to the Lithuanian parliament, however, suggests that Mr Gorbachev is finally preparing for a showdown, not least through its use of old-style language.

"One should face the truth, and see the real causes of the current situation," he said. "They are rooted in gross breaches of... the constitution of the USSR and the constitution of the Lithuanian SSR, in infringement of the political and social rights of citizens, and in a desire, under slogans of democracy, to pursue a policy aimed at restoring the bourgeois system.

"The need to get out of the situation calls for immediate measures... People demand the restoration of constitutional order, reliable guarantees of security and normal living conditions. Having lost their faith in the policy being pursued by the present leadership, they demand the introduction of presidential rule."

Mrr Albertas Simenas was elected prime minister yesterday by parliament.

Bare hands v iron first, Page 4

Soviet militiamen restrain demonstrators outside the Lithuanian parliament building in Vilnius

Defending with bare hands and songs

By Leyla Boulton in Vilnius

LITHUANIA is preparing for the worst as Moscow multiplies its threats against a people hungry for independence, but whose bare hands and songs are its only defence.

The capital, Vilnius, is buzzing with stories about the arrival of paratroopers and tanks, and Soviet-inspired provocations to justify a military crackdown.

While the stories are still much easier to find than the tanks, it is possible that Lithuanians' worst fears may now be justified. Few believe Moscow's tough new conscription campaign is anything but a front for crushing the republic's drive for independence.

"Nothing is sacred for them," said Mr Patros Bakauskas, a businessman. "They say one thing and do another. They want to introduce their kind of order and introduce direct presidential rule."

Why indeed would armoured personnel carriers mass outside the television tower as they did on Wednesday for an operation to enforce conscription? One prevalent theory here is that Moscow plans to crush the republic's nationalist parliament while the world concentrates on the January 15 deadline for Iraq to pull out of Kuwait. The Red Army's deadline for using force against draft dodgers is January 14.

"There is a direct link with the Gulf crisis," says Mr Gediminas Vagnorius, a leading member of the Lithuanian parliament. "They could have started enforcing the call-up last autumn. They took this opportunity only because of the United Nations deadline."

This conviction will have been reinforced by President Mikhail Gorbachev's appeal to the republican parliament to rescind steps taken in defiance of the Soviet constitution, including everything the deputies have done to prepare their way towards independence.

And his claim that "normal living conditions and reliable guarantees of security" are absent in Lithuania sounded like advance justification for a crackdown.

In fact, life in Vilnius continues virtually as normal except in the immediate vicinity of parliament. The shops are no more empty than shops in any other Soviet provincial city, and people walk the streets without any apparent fear for their lives. It is therefore not surprising that many Lithuanians are more afraid of artificially created clashes with the Russian minority than spontaneous confrontations.

The only weapon of thousands of singing demonstrators who gathered around the Lithuanian parliament on Wednesday was their passionate attachment to the restoration of their independence.

Only a few metres away, a counter-demonstration by the pro-Soviet Yedinstvo (Unity) organisation dispersed without a single scuffle.

The only protest reported by the official Soviet media in Moscow was the pro-Soviet demonstration.

On Tuesday there was an attempt by pro-Soviet demonstrators to burst into the building, seen by many Lithuanians as a dress rehearsal for a full-scale provocation.

Since then hundreds of volunteers from Lithuania's defence force have massed inside the building waiting for an attack, but they say they are unarmed.

One of the guards, Nadonas Laimis, an 18-year-old who is wanted for service in the Red Army, said he would fight with his bare hands.

"I am a Lithuanian, I want to serve in my own army. I will resist. I am not alone," he said.

But fear has already begun to fan mutual suspicions and counter-accusations. According to one of the more paranoid theories, the decision by Mrs Kazimiera Prunskiene, the Lithuanian prime minister, to triple food prices this week was part of a Moscow plot to destabilise the republic.

● In the face of a armed confrontation within the Baltic republics, Finnish president Mauno Koivisto said yesterday that it was vitally important that Finland maintained friendly relations with Moscow writes Enrique Tessieri in Helsinki.

He said that the primary concern of Finland was to its national interests and also felt that the Baltic republics should not rely on foreign support for their independence aspirations, but should directly negotiate with Moscow to resolve the ongoing conflict.

Norwegian government proposes fund for ailing banks

By Karen Fossli in Oslo

THE Norwegian government yesterday intervened in the deepening crisis in the country's banking system and proposed a NKr5bn ($847m) "bank insurance fund". Mr Sigbjoern Johnsen, the finance minister, described the fund as an "extra buffer" to the banks' own guarantee funds.

The fund money would go into a separate government fund and provide subordinated loans to the Commercial Banks' Guarantee Fund and the Savings Banks' Guarantee Fund, the Finance Ministry said.

"The subordinated loans (from the new fund) will add to the safety net constituted by the two deposit guarantee funds."

Mrs Gro Harlem Brundtland, the prime minister, warned that an insurance fund was not designed to transfer the banks' responsibility to the state and said that the banks' would have to repay loans from the fund once they returned to profitability.

The banks' problems stem from 1986 when Norway's oil-dependent economy was sent reeling by a fall in world crude oil prices to below $10 a barrel, their lowest level in a decade.

This caused record unemployment and bankruptcies and a plunge in the value of collateral for loans. The value of property was one example, and this has since declined by about 10 per cent annually.

After four years of record credit losses, confidence in Norway's banking system has been eroded. This tendancy increased just before Christmas when Den norske Bank (DnB) and Christiania, the country's two biggest banks, announced big rises in 1990 credit loss provisions.

DnB said that estimated credit losses may reach NKr3.83bn-NKr600m above the comparable figure for 1989; Christiania forecast record credit losses of NKr2.68bn, double that of 1989.

Separately, Fokus Bank, the country's third biggest bank, forecast net losses of NKr600m in 1990 because of a NKr980m loss on loans and guarantees. Fokus was forced to seek a three-year conditional guarantee from the commercial banks' guarantee fund and write down its share capital by 50 per cent.

Both DnB and Christiania said they would apply for up to NKr1bn from the NKr4.2bn guarantee fund of the commercial banks.

Iraq bought satellite photographs

Continued from Page 1

graphs of the targetted areas in the region, taken from two different perspectives, allowed the Iraqis to look at territory and installations to map a route for an invasion and identify potential points of resistance from Kuwaiti defences.

Satellite experts in Washington say that civilian customers interested in exploring land for urban planning only require pictures from one angle. Military clients want pictures from two or three perspectives to gain an impression of the high of structures and the physical dimensions of potential targets.

This tends to confound Iraq's claim at the time of the invasion that its move was unpremeditated and was instead provoked by Kuwaiti intransigence on issues such as oil production levels and outstanding loans to Baghdad.

Spot was sufficiently alarmed by the Iraqi request for data on Kuwait and Saudi Arabia that it subsequently halted future deliveries to its customer in Baghdad, the National Remote Sensing Centre, a front organisation for the Iraqi government. Asked if he had passed on details of the Iraqi request to French or US authorities, both of whom would have viewed it as potentially critical intelligence, Mr Brachet said: "I doubt that. I am not aware of anything we did, but I am not saying anything against information you have."

THE LEX COLUMN

Saatchi launches the lifeboat

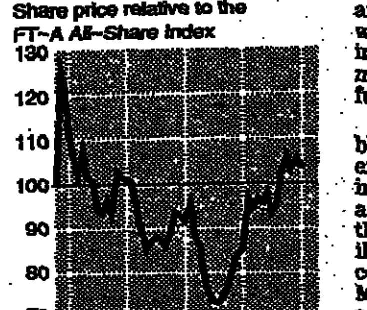
In some respects, the proposed reconstruction of Saatchi & Saatchi could have been worse. Shareholders are not required to put up any more money and the banks are not taking any equity entitlement. The snag is that in seeking to establish equality of pain among the various classes of stockholder, the scheme puts them at each others' throats. Equity holders will be aggrieved at being left with only 30 per cent of their company. The Euroconvertible holders can argue that since they own the largest chunk of the company's value, have prior charge over its assets and are presently entitled to repayment on terms which renders the equity worthless, ordinary shareholders are getting more than they deserve.

If haggling is to be done, it might occur to the stockholders that fighting each other is a tactical error. From their viewpoint, the real snag about the scheme is that it relies too heavily on replacing the existing £311m of preference with equity rather than with fixed interest paper. The more equity there is, the better for Saatchi's bankers and the worse for all classes of stockholder. The stockholders therefore have a common adversary.

Granted, the banks have a powerful lever. Saatchi's £200m of bank debt is due for refinancing in January 1993. That simply will not happen if a further £211m still has to be found six months later to pay off the Euroconvertible. In other words, if the refinancing scheme were rejected there would be no alternative for Saatchi but self-liquidation over the next two years, in which case there might be nothing left for any class of stockholder at all. To resolve the argument, what Saatchi must do is convince its owners that its prospects in three years' time render the new equity attractive in itself. It might be a good start to save the £600,000 still being spent on the upkeep of those responsible for the whole fiasco, the brothers Saatchi themselves.

TSB

TSB
Share price relative to the FT-A All-Share index



Source: Datastream

It is not the done thing in the Square Mile for chairmen to excuse poor annual figures by protesting that the opposition's will be appalling too. But Sir Nicholas Goodison could be excused yesterday for doing so. In the second half of 1990, TSB's UK bad debt provisions more than doubled to £178m, obliterating Hill Samuel's banking profit margins, with the prospect of still harder times to come as recession deepens. But then look at what lies in store for TSB's rivals when the main clearing bank reporting season starts in late February. If Barclays Bank's UK corporate loan book suffered as badly in the second half of 1990 as did Sir Nicholas's, then Barclays might find itself with UK bad debt provisions totalling £910m altogether for last year. No wonder Barclays is offering its staff a mere 7 per cent pay rise.

TSB's own results are still very much a tale of two banks. The full benefits of last year's 4000 job losses are yet to come, but even so the retail division's profits were up 40 per cent. Some of this can be explained as the result of a £34m fall in TSB's pension contributions; but it nonetheless looks as if TSB's new management is completing its first task of getting the retail bank firing on all cylinders. So the spotlight falls inescapably upon the future prospects for the corporate banking division, which lost £40m last year.

Now that Target Life has gone, should TSB bite the bullet with Hill Samuel and admit it should get out of that business too? The stock market's mind seems made up about the issue. Given the relatively high quality of TSB's retail banking and life assurance earnings, it can only be the presence of Hill Samuel which dictates a share price of 132p, putting the group's market value at just 1.1 times shareholders' funds.

LIG

Perhaps only S.G. Warburg would have the nerve to serve up a rights issue when the Middle East is on the brink of war. But the £62m cash call at London International Group has been a long time coming. The company's finances are crying out for new equity; and, as with Warburg's rights issue for Rosehaugh a year ago, it may be better to get it over in January than wait until the spring, when a poor corporate reporting season might have undermined market sentiment still further.

The LIG issue is not, to be blunt, an irresistible deal for existing shareholders. Its proximate cause is that LIG's balance sheet is overshadowed by the £60m liability for a convertible bond which it will almost certainly have to redeem in March next year. This is scarcely a comfortable position, given that LIG's net debt now totals £148m, against less than £100m of shareholders' funds at the last balance sheet date. How, though, did LIG get itself into this fix? Its proposed £8m write-off of its investment in Spanish photo-processing suggests that this is not a management which has made the best use of its capital in the past. The 6.5 per cent yield on the new shares may not be a sufficient reward for investors.

Markets

The behaviour of world markets yesterday confirms how little had been expected of the Geneva talks in the first place. Wednesday's momentary bubble has vanished, leaving the oil price only $1.25 up on Tuesday's close and European markets – the UK included – modestly up over the two days. Tokyo, which was asleep while all the excitement was going on, was consequently unmoved. The equity market most affected, and only modestly at that, was Wall Street. This is perhaps understandable given that the US will be doing most of the fighting.

All this is not to say, of course, that the markets would be unmoved by the outbreak of war itself. In the short term, the determining influence in the event of war would doubtless be the price of oil. But while an immediate jump in the spot price would be natural enough, a real market price of $50 hardly seems sustainable unless material damage is done to production outside Iraq and Kuwait. All the while, the oil market remains acutely aware of the possibility that war will be avoided, in which case the present price of $27 would be unsustainably high. The notion that the outbreak of war would represent a buying opportunity for equities always looked foolish. The converse, that it would mean a dramatic collapse, cannot be taken for granted either.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Berlin	C	14	57	Caracas	C	26	79	Faro	F	18	64	Islamabad	F	16	61
Algiers	S	19	66	Biarritz	C	17	63	Casablanca	S	19	66	Florence	F	13	55	Istanbul	F	10	50
Amsterdam	C	10	50	Bombay	S	25	77	Chicago	C	-6	21	Frankfurt	C	15	59	Jakarta	R	29	84
Athens	S	17	63	Bordeaux	F	18	64	Cologne	R	12	54	Geneva	C	11	52	Jersey	C	10	50
Bahrain	S	20	68	Boulogne	R	9	48	Copenhagen	C	9	48	Gibraltar	S	18	64	Johannesburg	F	20	68
Bangkok	C	33	91	Brussels	C	11	52	Corfu	S	15	59	Glasgow	F	4	39	Lima	F	24	75
Barcelona	S	18	64	Budapest	C	5	41	Dallas	C	6	43	Helsinki	C	1	34	Lisbon	C	16	61
Beirut	–	–	–	Buenos Aires	C	30	86	Dublin	S	4	39	Hong Kong	C	16	61	London	S	9	48
Belfast	C	2	36	Cairo	F	20	68	Dubrovnik	S	14	57	Innsbruck	F	6	43	Los Angeles	S	8	46
Belgrade	S	14	57	Cape Town	S	24	75	Edinburgh	F	3	37	Inverness	R	3	37	Luxembourg	R	11	52

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	17	63	Milan	C	3	37	Nicosia	S	18	64	Salzburg	F	11	52	Tenerife	S	19	66
Madrid	C	12	54	Montreal	S	-11	12	Oporto	R	15	59	San Francisco	S	6	43	Tokyo	S	11	52
Majorca	F	16	61	Moscow	C	2	36	Oslo	Sn	-1	30	Seoul	S	1	34	Toronto	Sn	-8	18
Malaga	S	18	64	Munich	S	15	59	Paris	R	8	46	Singapore	F	32	90	Tunis	S	16	61
Malta	S	17	63	Nairobi	–	–	–	Peking	S	1	34	Stockholm	Sl	0	32	Valencia	S	19	66
Manchester	R	5	41	Naples	F	15	59	Prague	F	15	59	Strasbourg	C	17	63	Venice	C	8	46
Manila	F	30	86	Nassau	–	–	–	Reykjavik	F	-2	28	Sydney	S	28	82	Vienna	R	4	39
Melbourne	S	34	93	New Delhi	S	17	63	Rhodes	F	16	61	Taipei	C	20	68	Warsaw	C	9	48
Mexico City	–	–	–	New York	S	3	37	Rio de Janeiro	F	33	92	Tangier	S	14	57	Washington	S	4	39
Miami	R	23	73	Nice	F	14	57	Rome	F	17	63	Tel Aviv	S	17	63	Zurich	S	14	57

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Friday January 11 1991

INSIDE

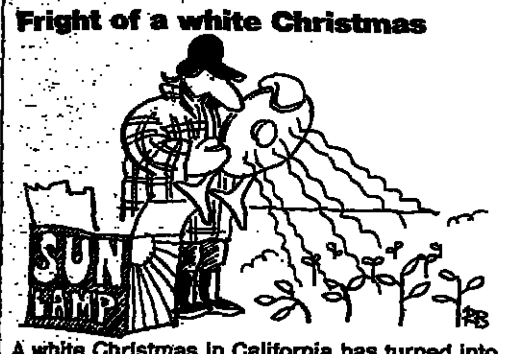
Scott Paper plans $100m write-off

Scott Paper, the world's largest producer of toilet tissue, paper towels and napkins, revealed yesterday that it plans take a write-off of around $100m in the fourth quarter of 1990, ahead of a disposal programme of certain peripheral activities. The $100m write-off equates to around $1.35 a share. Analysts had been forecasting full-year earnings of around $3.80, after an aggregate $2.71 in the first nine months. However, Scott Paper shares – which have taken a fall recently – gained $3⅜ to $37⅜ on the news yesterday. Page 19

New challenges for Fletcher

Fletcher Challenge, the New Zealand-based international forestry group, is rapidly developing important energy interests. Already the world's largest producer of crude methanol, Fletcher has, through its Petrocorp subsidiary, established itself as New Zealand's foremost oil and gas explorer, distributor and processor. The group has moved into oil exploration in Indonesia, Canada, Thailand, the Philippines, Australia and Colombia and recently won the first foreign onshore exploration licence in mainland China. Dai Hayward in Wellington reports. Page 18

Fright of a white Christmas



A white Christmas in California has turned into a nightmare for farmers. Cold temperatures and heavy frosts caused widespread damage to fruit and vegetable crops and the state's agricultural industries are expected to suffer losses of more than $1bn this year. Of even greater concern is the effect this winter weather may have upon growth in the state's $17.5bn agricultural industry. Page 26

Skase resigns from Qintex

Christopher Skase (left), the former financial journalist who built the crashed Qintex Australia group into multi-billion dollar property, media and leisure empire, yesterday resigned as chairman blaming bankers and communists for his problems. Qintex, which owned the Channel Seven television network, a string of luxury holiday resorts and widespread property interests, entered receivership 14 months ago. Page 18

Latin America's best and worst

Latin America produced the best performing stock market of 1990 – it also produced the worse. Economic optimism in Venezuela helped the market increase by 555 per cent in dollar terms. The attempted takeover of Banco de Venezuela also lifted share prices. In Brazil, however, investors took fright when the newly elected President Fernando Collor de Mello froze assets in March. In dollar terms, shares fell by 67.7 per cent. Back page.

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				Elf Gabon	1490	+	129
Rises				Thomson-CSF	130.2	+	5.6
BASF	203.4	+	4.9	**Falls**			
Bayer	221	+	5.8	Av Nav Media	191	–	20
Siemens	480	+	4.6	Hachette	149	–	10
Falls				Havas	423.8	–	22.3
Beiersdorf	740	–	15	**TOKYO (Yen)**			
Bil & Berg	751	–	24	**Rises**			
Leifheit	717	–	9	Chiyoda	780	+	55
NEW YORK ($)				Nippon Pipe	1080	+	80
Rises				Nitto Boseki	565	+	46
Apple Comp	47	+	1¾	**Falls**			
General Motors	32	+	½	Hoshu Paper	1260	–	200
IBM	107⅝	+	¾	Kyodo Printing	1530	–	300
Philip Morris	48⅝	+	¼	Seiko	2650	–	500
The Limited	19	+	¾				
UAL	114¾	+	2¼				
PARIS (FFr)							
Rises							
Dass Aviation	424	+	18.7				

New York prices as at 12.30pm.

LONDON (Pence)				Haden MacLellan	102	–	9
Rises							
BICC	342	+	4	Ladbroke	235	–	9
Eurocopy	167	+	10	London Intl	216	–	23
Goldsmiths	40	+	3	Peterson	644	–	16
Racham	550	+	15	Ricardo Intl	98	–	8
Telfos	137	+	5	Saatchi	24	–	10
Falls				Savills	41	–	5
Allied-Lyons	479	–	11	Smiths Inds	218	–	6
BAA	387	–	9	Steetley	328	–	16
Davies Newman	190	–	10	WPP	74	–	4
Dowty	151	–	13½				
GWR	228	–	20				

Saatchi unveils reconstruction plan

By Alice Rawsthorn in London

SAATCHI & Saatchi, the troubled advertising group, yesterday unveiled proposals for a radical reconstruction to salvage its finances. It also announced steep salary cuts for its directors including Charles and Maurice, the Saatchi brothers.

The proposals involve replacing Saatchi's £211m ($406.5m) Europreference shares and £100m UK preference shares with a combination of new ordinary and preference shares. This will involve extremely heavy dilution for existing ordinary shareholders who will emerge with about 30 per cent of the enlarged ordinary share capital.

Mr Charles Scott, finance director, said the reconstruction was essential to enable Saatchi to survive beyond January 1993 when its present banking facilities expire. He said Saatchi's banks would be highly unlikely to recommit funds if it was still facing the threat of having to find £211m to redeem its Europreference shares in July 1993.

Saatchi's ordinary shares fell by 9½p to 24½p yesterday. The ordinary shares peaked at 693p five years ago when Saatchi, now burdened by heavy debt and crippling liabilities, was regarded as one of the world's most successful advertising groups.

Saatchi also plans to cut central costs by reducing the salaries of its main board directors and moving out of its opulent headquarters on London's Berkeley Square. Charles and Maurice Saatchi are cutting their salaries from the £625,000 stipulated in their contracts to £312,500.

Mr Robert Louis-Dreyfus, the Frenchman who joined Saatchi a year ago as chief executive to orchestrate its restructuring, will take a salary cut from his contractual entitlement of £500,000 to £300,000. The other directors will accept cuts of about 10 per cent.

Mr Louis-Dreyfus, who comes from one of Europe's wealthiest families, is personally underwriting £5m of new equity to be made available to employees. He said he would subscribe for an unspecified portion of the equity and that he expected the Saatchi brothers to do the same.

Saatchi, advised by S. G. Warburg in London and Donaldson Lufkin & Jenrette in New York, has been embroiled in intricate negotiations over the reconstruction since the autumn. Under the proposals, a Donaldson bridge fund will provide £20m of new subordinated debt. Mr Louis-Dreyfus said he hoped to secure a £20m increase in the existing £200m banking facilities and to extend those facilities beyond their expiry date of January 1993.

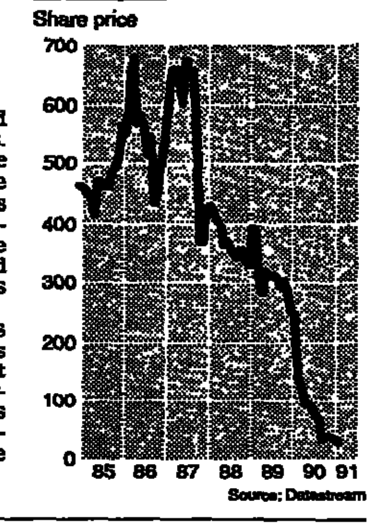
Saatchi needs to secure the consent of a majority of all three classes of shareholders and its banks to implement the proposals. The documentation should be completed by mid-February and extraordinary general meetings will be held three weeks later.

If the reconstruction goes through, Mr Scott said Saatchi's future would be secure and it would have "no problem" in servicing its debt. So far Saatchi's advertising agencies have continued to perform well, despite the group's financial difficulties.

Lex, Page 16

Saatchi & Saatchi

Share price



Ford Motor maintains dividend

By Martin Dickson in New York

FORD Motor, the second largest automobile manufacturer in the US, yesterday confounded Wall Street speculation by maintaining its dividend in the face of a crumbling American car market.

But the company made clear that a cut in the payout was likely if the US recession worsened or a Gulf war had severe economic consequences.

Ford, along with General Motors and Chrysler, the other big Detroit manufacturers, is expected to report big losses when it announces 1990 year-end results later this month.

Analysts believe Ford could lose between $200m and $500m in the fourth quarter, with General Motors posting a loss of up to $1.4bn and Chrysler, losses of up to $130m.

All three are suffering from weak domestic demand – total US car and light truck sales fell to 13.8m vehicles last year, down 5.1 per cent from 1989 – and fierce Japanese competition.

Many analysts had predicted that weakening finances would force Ford to announce a cut in its quarterly dividend, which has been at 75 cents a share since the first quarter of 1989. News that it was being maintained sent the shares higher, and at lunchtime they were quoted at $25¼, up $¼.

Many Wall Street analysts said Ford had been sensible not to cut until the economic outlook was clearer.

Several noted that its balance sheet remained strong, as did its ability to borrow to cover future dividends.

Some questioned whether the decision might weaken the company's capital spending plans at a time when it needs to move more quickly with new model introductions to compete with the Japanese. But Mr Gilmour said the maintained dividend would not put pressure on any of its programmes.

All the US motor manufacturers have had to offer dealers and customers large cash incentives in an attempt to maintain market share and Mr Gilmour said Ford had spent more than $4bn on this in 1990. It was a "scandalously high amount".

He also revealed that the company's income last year had not reached a level to trigger executive bonuses.

SATURN EMERGES AMID THE CLOUDS

The North American International Auto Show opens tomorrow in Detroit with the US automotive industry facing acute uncertainty over its prospects as the Gulf crisis intensifies, writes Kevin Done in Detroit.

The "big three" US carmakers – General Motors, Ford and Chrysler – are all expected to report substantial losses for the final quarter of last year in the face of falling sales, reduced production and fierce price competition.

US car sales fell last year by 5.2 per cent to 9.3m and the industry is braced for a further decline this year.

General Motors, the world's leading carmaker, is currently launching its new Saturn range (pictured above) in the US.

The car was developed over seven years at a cost of almost $4bn in a last-ditch attempt to meet Japanese competition. GM was also determined to prove that a US carmaker can manufacture and develop small cars profitably in North America.

The Saturn launch has gone more slowly than hoped, but GM claims that initial Saturn sales in California show it is winning over potential buyers of imported cars.

Daiwa to advise on formation of Soviet exchange

By Quentin Peel in Moscow

DAIWA Securities, one of Japan's leading financial institutions, has signed a series of deals to provide consultancy and training for the establishment of a new Soviet stock exchange and to advise the Soviet ministry of finance.

The agreements mark the first significant incursion into the Soviet market by a Japanese finance house, in advance of President Mikhail Gorbachev's trip to Japan in April, and before there has been any political settlement of the dispute over the status of the Kurile islands.

However, Daiwa is not prepared to commit itself to any future investment plans until the political dispute between the two countries is settled.

The new agreements include providing advice and consultancy on the formation of security markets, on banking reform, on privatisation of state enterprises and on the creation of joint stock companies.

And the very first piece of advice given by Daiwa is that the two proposed stock exchanges being organised in Moscow should be merged into one.

"I have already said the two stock exchanges should combine into one," said Mr Minoru Mori, chairman and chief executive of the London-based Daiwa Securities (Europe). "If they want a second stock exchange perhaps it should be in Nakhodka," he added, referring to the port in the Soviet Far East – just 600km from Japan – which is planning to set up a free economic zone to attract Japanese and Korean investors.

The agreements were signed by Mr Yoshitoki Chino, the chairman of Daiwa Securities in Tokyo, with five Soviet organisations, including the Soviet ministry of finance, the Russian Federation ministry of finance, the Commission for Economic Reform headed by Dr Leonid Abalkin, the deputy prime minister, the Moscow International Stock Exchange and the Institute of World Economy and International Relations (Imemo).

"It is the first time in the history of Japanese-Soviet relations that the chairman of a major financial company came to the Soviet Union and made a number of breakthrough agreements," said Dr Rair Simonyan, a department head at Imemo.

The deals include free training facilities provided by Daiwa, in London, Tokyo and other financial centres, for future operators in the Soviet stock exchange, which is only just beginning to set up operations.

Mr Mori said he expected "normal diplomatic relations" to be established after Mr Gorbachev's visit to Japan. "From that point of view, I think that normal commercial and financial relations should start immediately after April," he said. "We just started a little bit in advance."

The Japanese government has been reluctant to provide assistance until the settlement of a dispute over the Kurile Islands, now under Soviet control, but Tokyo fears continuing toughness will be out of step with international goodwill towards Moscow.

Moscow says the wartime Yalta agreement gave it control of all the Kurile islands in the north Pacific. Japan maintains the four disputed islands are not part of the Kurile chain.

KIO offshoot sells refinery

By Tom Burns in Madrid and David Owen in London

ERCROS, Spain's largest chemicals producer whose main shareholder is controlled by the Kuwait Investment Office (KIO), yesterday sold its petrochemical division, Ertoil, to the Luxembourg-based investment group, General Mediterranean Holding for a reported Pta45bn ($478m).

Ercros said the sale of its refining centre, located in Huelva, southern Spain, was part of a strategic decision to withdraw from activities in which it was unable to compete on an international level.

Yesterday's announcement - which came amid the worsening Gulf crisis - heightened speculation that the London-based KIO was seeking to shed investments.

However, governor of the Kuwait central bank Sheikh Salem Abdel Aziz al-Sabah, speaking with the Financial Times yesterday before the announcement, appeared partially to refute this speculation.

Sheikh Salem said that the KIO had yet to reach the point where it was forced to liquidate large quantities of its stock, bond and property holdings – although it would be forced to do so if the Middle East crisis dragged on.

"It depends on the time factor; the longer it takes to solve the Kuwait question, the higher the possibility of liquidating," he said. "After a certain period of time our liquid assets would be exhausted."

Ercros – the result of a merger between Union Explosivos Rio Tinto (ERT) and the small KIO-controlled fertiliser company, Cross, in 1988 – has been spending heavily to rationalise its fertilising division.

The group is estimated to have made net profits of Pta8bn last year after incurring first-quarter losses of Pta1.4bn due to heavy restructuring charges.

Ercros, is 38 per cent owned by Torras Hostench, a holding company that is 76 per cent owned by the KIO and acts as the main Kuwaiti investment arm in Spain. Trading in Ercros, 35 per cent owned by foreign institutions, was suspended yesterday on the Madrid stock market.

TSB reveals disappointing results

By David Barchard in London

TSB GROUP yesterday unveiled disappointing pre-tax profits for 1990 after making heavy losses on its corporate lending.

The figures were the first set of annual results announced this year by a large UK bank and they raised fears in the city of further bad news when the 'big four' clearers publish their annual results next month.

Though TSB's group pre-tax profits were £312m ($589.6m), against £155m a year ago, its figures in 1989 included exceptional provisions of £201m for restructuring. The poor performance in 1990 came mainly from corporate banking which made a £40m loss against a £61m profit in the previous year after provisions of £156m against bad debts.

Sir Nicholas Goodison, TSB chairman, blamed the poor showing of the group's corporate banking division on the difficulties of industry in a period of deepening recession. The division mainly consists of Hill Samuel, the City merchant bank bought amid shareholder protests for £777m by TSB in 1987. Until then, TSB had concentrated almost entirely on personal customer business.

The results also included an extraordinary charge of £80m for provisions against losses by Target, the group's unit-linked life assurance subsidiary whose sale to Equity & Law was announced earlier this week.

Profits from retail banking rose 40 per cent at £258m from £184m a year ago and insurance and investment services made £114m, up by 37 per cent (on £83m) in 1989.

INTL COMPANIES AND FINANCE

Skase resigns as chairman of failed Qintex Australia

By Kevin Brown in Sydney

MR CHRISTOPHER Skase, the former financial journalist who built the crashed Qintex Australia (QAL) group into a multi-billion dollar property, media and leisure empire, yesterday resigned as chairman, blaming bankers and communists for his problems.

Qintex, which owned the Channel Seven television network, a string of luxury holiday resorts and widespread property interests, was put into receivership by the Victorian supreme court 14 months ago.

Mr Skase's resignation will have no effect on the future of the company's assets, which are being administered by receivers from KPMG Peat Marwick, the accountants.

But a statement issued in Brisbane, Mr Skase's home town, showed he remained unrepentant about the failure of Qintex, which had debts of around A$2.1bn ($1.62bn) and assets of A$1bn when the receivers moved in.

Mr Skase said his decision to resign was partly caused by the failure of the receivers to achieve a significant reduction in the group's debts.

Some of the leisure and property assets have been disposed of, mostly to Japanese buyers, but the receivers have been unable to find a purchaser for the television network, which is priced at around A$600m.

"The cost of receivership and interest on essentially unaltered debt levels have effectively evaporated the prospects of any financial return to all except the senior secured lenders," he said.

Mr Skase said he and his family stood to lose more than A$100m from the collapse of Qintex.

"With shareholders funds at QAL of over A$1bn in July 1989, this grim prospect for all but a small minority is a graphic illustration of the inexpert combination of accountants and bankers, and the further deterioration of the Australian economy," he said.

"While the communists and socialists within Australian society are rejoicing in the destruction of the so-called entrepreneurs, the future of Australia as a classless society dominated by the state and bureaucrats is a frightening prospect for young and old.

"The USSR embraced this philosophy and is now a bankrupt series of disenchanted states looking to free enterprise and entrepreneurs for survival," he said.

KPMG Peat marwick refused to comment on the statement, but said a response might be issued today.

Mr Skase is one of a number of formerly high-flying Australian entrepreneurs whose businesses crashed as asset values fell following the global stock market crash in 1987. Some, including Mr Alan Bond and Mr Laurie Connell, former head of the Rothwells merchant bank, face criminal charges.

Christopher Skase: unrepentant about failure of Qintex

South Korean trading groups' exports rise

By John Ridding in Seoul

SOUTH Korea's seven general trading companies, the trading arms of the country's largest business groups, increased their exports last year, but fell short of targets.

They attributed the shortfall to the reduced price competitiveness of Korean products and the slowing of demand in their principal markets. They forecast improvement in the current year, partly because of increased shipments to new markets including the Soviet Union and eastern Europe.

Samsung, the largest of the trading companies, exported products worth $6.32bn, a rise of 11.7 per cent over 1989, but short of the target of $6.8bn. This year, it is also expecting to achieve exports of $6.8bn.

Hyundai recorded exports of $5.86bn last year, an increase of about 6 per cent, but short of the forecast level of $6bn. The company said one of the main reasons for the shortfall was a three per cent fall in shipments of its cars to the US.

Hyundai's exports of cars to the US market have suffered due to their increased price, a slowdown in the US market and greater competition from Japanese manufacturers.

Daewoo's exports were flat at $4.75bn, short of the targeted $5.06bn. The company said one of its strategies to improve its performance this year was to diversify markets. The east European and Soviet markets were described as attractive alternatives.

Lucky Goldstar, which exported $3.1bn last year, a small increase over 1989, said it did not expect much improvement this year, although Sunkyong, which exported $1.63bn in 1991, said: "We expect to see half of the sun among the clouds in 1991."

Ssangyong exported products worth $1.7bn while Hyosung achieved exports of $1.5bn.

The combined exports of the seven companies totalled $24.86bn, a rise of about 4 per cent over the $2369 exported in 1990.

BHP Steel acquires Boral unit

By Kevin Brown in Sydney

BHP Steel, a division of the Broken Hill Proprietary company, yesterday said it had acquired the steel division of Boral, the construction and building materials group, subject to the approval of the Trade Practices Commission.

BHP is understood to have paid between A$70m (US$54.2m) and A$90m for Boral Steel, which has plants in four states manufacturing reinforced bars and wire mesh for the construction industry.

The deal increases BHP's share of the reinforced bar and mesh sector from around 25 per cent to 45 per cent, close to Smorgon ARC, the market leader, which has in excess of 50 per cent of the market.

The deal will also increase sales of steel to the bar and mesh industry from BHP's own mills.

Boral purchased its steel from a variety of manufacturers.

Mr Roger Pysden, chief general manager of Boral's buildings materials division, said the group had been approached by BHP.

"It is not a core business for us, and we are satisfied with the price we got," he said.

"It is essentially a high-cost, low-value added business which BHP is in a much better position to expand."

Analysts said the price paid by BHP appeared high, given Boral Steel's exposure to the non-residential construction market, which has been hit hard by recession.

"It is a good deal for Boral. BHP probably paid a little too much, but they are getting long-term growth and probably getting rid of a competitor," said Ms Jolanta Masojada, an analysts with Macquarrie Bank.

Brambles in Austrian move

By Kevin Brown in Sydney

BRAMBLES Industries, the Australian transport and industrial services group, said it had acquired the Toman crane rental and heavy haulage group in Austria for an undisclosed sum.

Brambles entered the European industrial services sector last year with the acquisition of Fostrans, a French crane hire business, and has now spent around A$60m (US$46.5m) in a series of related acquisitions which include the Lastra heavy lift and haulage business in the Netherlands and also Econofreight United Transport in the UK.

Mr Gary Pemberton, Brambles group managing director, said Toman represented an opportunity to enter the central and eastern European market for industrial services.

Toman is the second largest crane rental operation in Austria, with cranes of up to 400 tonnes capacity, and a substantial fleet of heavy-lift trailers. It operates throughout Austria and in Hungary and Czechoslovakia from bases in Vienna, Graz, Kapfenburg and St Polten.

FLC becoming a leading force in international energy sector

By Dai Hayward in Wellington

FLETCHER Challenge (FCL), the New Zealand-based international group which is one of the world's top three forestry concerns, is rapidly becoming a leading force in the international energy sector.

It is now the world's largest producer of crude methanol, used in a wide range of industrial products, including petrol.

FCL's subsidiary, Petrocorp, having established itself as New Zealand'ss foremost oil and gas explorer, distributor and processor, has moved into oil exploration in Indonesia, Canada, Thailand, the Philippines, Australia and Colombia.

On December 20, Petrocorp was awarded its third Indonesian production-sharing contract in central Sumatra. This followed its success in early December in leading the first foreign consortium to be awarded an exploration licence in mainland China. This contract gives it the right to explore 15,900 square kilometres in central China.

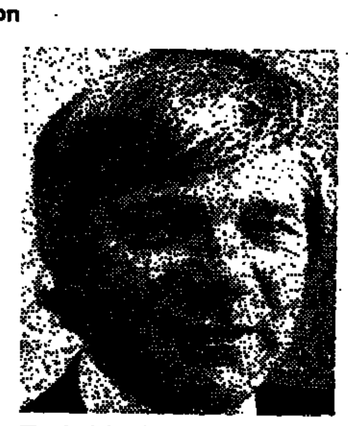
Petrocorp contributed a tax-paid NZ$157.1m (US$93m) to Fletcher Challenge's 1990 profit of NZ$662.4m. Although Petrocorp's contribution was down on the previous year, due to lower world prices for methanol, it may make an even bigger contribution this year as prices and profits are expected to rise. Ownership of Petrocorp will also allow Fletcher Challenge to benefit from higher world oil prices as each dollar rise in the price of a barrel of oil adds about $NZ10m to FCL's earnings.

Mr Hugh Fletcher, chief executive, has described the acquisition of Petrocorp oil and gas reserves, from the New Zealand government in 1988, as the cheapest acquired anywhere in the world in the past five years.

Last year, Petrocorp was split into its three operational sectors – exploration and production, petrochemicals and natural gas.

Petrocorp's share last year of the oil produced from the onshore New Zealand wells in which it has an interest was 4.6m barrels.

Two of its fields, the McKee and the – both in Taranaki province – produced 16,000 barrels of oil a day, almost 20 per cent of New Zealand's oil



Hugh Fletcher: confident in future of energy division

Through Petrocorp Exploration, Fletcher Challenge now has proven reserves, including those in Canada, of 70.2m barrels of oil and 1.7 trillion (million million) cu ft of natural gas. The latter is equivalent to 355m barrels of oil.

Petrocorp moved into Canada last July when it bought the Provost oil and gas fields in Alberta from Amoco for C$116.5m (US$101.3m). The Provost project includes four gas fields, an oil field and a comprehensive gas gathering and processing system. Its reserves are estimated at 180bn cu ft of gas and 1.2m barrels of oil.

Despite the world surplus of methanol which depressed prices last year, Fletcher Challenge is confident that demand will outstrip supply over the next few years. It will be boosted by the increasing use of methanol in the production of transport fuels.

Fletcher Challenge has prepared for the increased demand, which had produced higher prices, by completing a NZ$22.8m expansion programme which almost doubled production capacity. In the June 1990 year it sold 535,171 tonnes of methanol. A big customer is Mitsubishi of Japan which has bought a total of 1m tonnes.

Fletcher Challenge confidence in the future of its energy division should be repaid with increased turnover and profits for its 1991 report.

INTERNATIONAL COMPANIES AND FINANCE

Scott Paper plans $100m write-off before disposals

By Nikki Tait in New York

SCOTT PAPER, the world's largest producer of toilet tissue, paper towels and napkins, said yesterday it planned to take a write-off of around $100m in the fourth quarter of 1990, ahead of the disposal of peripheral activities.

The $100m write-off equates to around $1.35 a share. Analysts had been forecasting full-year earnings of around $3.80, after an aggregate $2.71 in the first nine months. However, Scott Paper shares – which have taken a fall recently – gained ⅜ at 37⅝ on the news.

Scott said it had already identified the non-strategic assets which it plans to sell. These include most of its food services business – which ranges from napkins to foam cups and plastic cutlery – plus its speciality paper operations, taking in a paper mill in Westbrook, Maine. The bulk of the company's non-woven products business, with operations in the US and West Germany, will also go.

The company declined to say how much such sales might raise, or to specify whether any negotiations were already under way.

Scott Paper, which had already warned that profits for 1990 might fall short of the previous year's figure, has been involved in a programme of asset sales for some years. For example, it disposed of a 50 per cent interest in a pulp mill, Brunswick Pulp & Paper Company, in 1988; sold 194 acres of woodland in Washington state for $230m in 1989; and shed its Brazilian affiliate in a $40m deal.

Scott refused to be drawn on whether it still expects to post a profit in the final quarter of 1990. It did stress, however, that it remains commited to European expansion and said that no big facilities in Europe would be involved in the disposal programme.

Scott said it expected capital expenditure in 1991 to be around $350 to $400m, only half the projected $800m to $850m level of 1990. It said that this reduction, coupled with the money from divestments, should enable the company to reduce debt and fund further strategic investment.

Pan Am awaits court ruling

By Nikki Tait in New York

PAN AM, the cash-strapped US airline which filed for Chapter 11 bankruptcy earlier this week, was returning to the Manhattan courts yesterday in the hope of getting its controversial plan to sell its London Heathrow routes to United Airlines approved by the bankruptcy court judge.

The decision by Judge Cornelius Blackshear will be critical to Pan Am's survival. United, together with Bankers Trust, have agreed to provide Pan Am with $150m of temporary loan financing.

This is designed to cover the carrier's cash needs until it receives the $290m United is due to pay for the London routes. This latter transaction is dependent on the approval of the UK authorities. And Mr Malcolm Rifkind, the UK transport secretary, has indicated he will not be rushed.

However, the sorely-needed $150m loan is conditional on Judge Blackshear deciding that the London route sale is a fair deal – the ruling he will be asked to make.

Pan Am will face opposition in the courts from various sources. Delta Airlines, the third largest US carrier, said on Wednesday it was willing to offer $50m for Pan Am's Los Angeles to London route alone. "With more time, we would consider making an offer for other routes or assets," said Delta's chairman, Mr Ron Allen.

Accordingly, Delta is asking the court to delay its ruling on the United route sale. The airline is struggling to gain some advantage in the current wave of route sales, and has already lobbied, unsuccessfully, for a US department of transportation hearing into two London route disposals by Pan Am and Trans World Airlines.

Further opposition will also be lodged on behalf of Pan Am's shareholders. A shareholder suit had already been filed by a Mr John Decker, protesting at the United transaction and claiming that a better price could have been secured for the assets.

Yesterday, Mr Nicholas Chimicles, the lawyer representing Mr Decker, said this action was terminated in anticipation of the Chapter 11 filing, but that the concerns were unchanged and that his client would be represented at the Bankruptcy Court hearing.

Nintendo US sales surge 27%

By Karen Zagor in New York

NINTENDO of America, the US subsidiary of the Japanese video games company, yesterday said its 1990 US sales grew 27 per cent to $3.4bn.

In spite of efforts by would-be competitors to take a bigger slice of the US video games market, Nintendo's presence is commanding, with 87 per cent of the home video game market.

Mr Peter Main, US vice-president of marketing, said Nintendo's entertainment system could be found in more than 30 per cent of American homes.

At a time when the US toy industry is flat and little prospect of improvement in the new year, Nintendo expects to turn in 1991 sales of $4bn, with the US video game industry posting total sales of $4.7bn. Although video games are not classified as toys, they compete in similar markets.

Some analysts are sceptical about Nintendo's growth prospects beyond the next year. Mr Takafumi Ochiai, vice president at New Japan Securities in New York said: "Nintendo manages its software very well. But its market penetration is almost full. And it is difficult for a one-product company to sustain growth. Nintendo's future prospects are tied to its ability to develop new software "and this is very difficult to predict."

Mr Howard Vogel, a toy industry analyst at Merrill Lynch, believes Nintendo will start losing market share next year, helping US toy companies to improve their sales.

Bank joint venture faces EC inquiry

By Lucy Kellaway

THE PROPOSED joint venture between Banque Nationale de Paris, Dresdner Bank and a private Hungarian bank is being examined by the European Commission to see if it is caught by the EC's new merger rules.

The commission said it was notified in December about the deal, which on preliminary inspection did appear to fall under the new regulation.

The joint venture involves the two west European banks joining forces with OKHB, the second-biggest Hungarian commercial bank, to create a new bank to be called BNP-KH-Dresdner Bank.

Although the starting capital of the bank is only Forint 1bn ($14m), the deal is likely to fall under the merger rules as the western banks' turnover is high. The new bank would help Hungarian companies with import and export business, help to finance joint ventures between western and Hungarian companies, and assist with Hungarian privatisations. The commission must decide within one month of receiving notification whether to mount a full enquiry.

Imperial Oil expects record year-end results

By Robert Gibbens

HIGHER CRUDE prices will help Imperial Oil, Canada's integrated oil company, to post 1990 results near the peak C$450m (US$391.3m) of 1985.

This indicates earnings per share of C$2.60 to $2.65 after a $200m restructuring charge, senior officials told a New York energy conference.

Upstream business continued strong in the fourth quarter and downstream operations improved slightly. Debt has been cut to $2.8bn from $5.8bn early in 1989 following acquisition of Texaco Canada for $5bn.

The reduction is due to upstream and downstream asset sales and debt will continue to decline in 1991.

Production in 1991 is expected to average 345,000 barrels daily against 350,000 barrels daily in 1990.

KPMG confirms fall in value of cross-border deals

By Guy de Jonquières, International Business Editor

THE SLOWDOWN in international merger and acquisition activity is confirmed by figures published by accountancy firm KPMG, which show that the value of cross-border deals fell 13 per cent last year to $114.2bn from $130.6bn in 1989.

There were steep falls in the value of purchases by companies based in the US and France, two of the most active acquiring countries. American acquisitions abroad fell to $15.8bn from $23.2bn, while those by French companies declined to $16.4bn from $22bn.

US acquisitions in the European Community slowed particularly sharply, to $3.7bn from $12.7bn. Much of the decline was due to a drop in the value of purchases in the UK, which fell to $2.6bn from $10bn.

Japan and Sweden were the only large countries to increase the value of their acquisitions over 1989. Purchases by Japanese companies rose to $16.7bn from $14.7bn, while those by Swedish companies grew to $9.5bn from $1.9bn.

However, British companies remained the biggest cross-border acquirers by a large margin, in spite of a decline in the total value of their purchases to $20bn from $23.8bn.

As in 1989, the US was the most popular target country, receiving foreign purchases worth $46.8bn. It was followed by Britain, where international acquisitions totalled $20.6bn.

Declines in the value of international purchases in North America and the EC were offset by a strong increase in cross-border acquisitions in other countries. These almost trebled in value to $20.6bn from $7.8bn.

Much of the rise was due to a surge in acquisitions in Argentina, New Zealand and Switzerland. The only EC countries in which the value of purchases rose were Ireland, Italy and Spain.

The fall in worldwide activity was particularly pronounced in the final quarter of last year, when the value of deals fell 32 per cent to $28.6bn from $42.3bn in the same period of 1989. The total number of deals last year fell from to 2,517 from 2,762.

Philips gives first public showing of its DCC

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, has given its first public demonstration of the digital compact cassette (DCC), the company's lower-priced alternative to the digital audio tape (DAT) system being championed by Sony of Japan.

The company is seeking to promote the DCC system – unveiled this week at the annual consumer electronics trade show in Las Vegas – as the logical successor to the conventional audio cassette, which was invented by Philips in 1963.

The Dutch group has won backing for the concept of pre-recorded DCCs from major music companies such as EMI, Warner, Bertelsman and its own 80 per cent-owned music subsidiary PolyGram.

It expects to launch consumer sales of DCC players in 1992, by which time it hopes that pre-recorded DCCs will also have begun hitting the market. Like DAT players, the players can be used for home recording of digital-quality sound on blank cassettes. Like DAT players, however, they will also be equipped with a device to limit the number of copies that a consumer can make from a compact disc (CD), the run-away audio success of the 1980s which was jointly developed by Philips and Sony.

Philips claims that the biggest advantage of DCC players over the rival DAT system is that they can play existing analogue audio cassettes as well as the new DCCs. DAT players, by contrast, can play only DAT tapes. So far, however, few pre-recorded DAT tapes are available.

Philips is developing DCC in partnership with Matsushita of Japan. It has already licensed Tandy of the US to build players, which are expected to sell for $500 to $600 each compared with DAT-player prices of $1,000 or more. Other hardware companies will also be offered licences.

LIG in £61.6m issue to cut debt

By Maggie Urry

LONDON International Group braved yesterday's gloomy stockmarket with a rights issue to raise £61.6m net. The cash is needed to cut the company's debt level and allow it to continue expanding.

The group, best known for its Durex condoms, has spent heavily on capital investment and acquisitions over the last four years.

Mr Alan Woltz, chairman, said the rights issue was needed in part because at current prices the company no longer expects bond holders to convert a £50m convertible issue into equity.

LIG, which also makes surgical and household rubber gloves, health and beauty products and processes photographs, saw its shares fall 23p to 216p on the news, having fallen 7p on Wednesday on rumours of the issue. The rights issue is on a one-for-four basis at 190p.

Mr Woltz said the group and its advisers – S G Warburg, the merchant bank, and S G Warburg Securities as broker – had reconsidered the issue following the collapse of talks on the Gulf crisis in Geneva on Wednesday, but concluded that it was still appropriate.

"The reasons for the issue are very positive," he said.

The rights issue was accompanied by a forecast of pre-tax profits of "at least £38m" in the year to end-March, compared with £36.5m in the previous year. This was below most analysts' earlier expectations of about £41m following a 16 per cent rise in interim pre-tax profits to £18.8m. Mr Woltz said the forecast was a "downside" number and he hoped to beat it comfortably.

A further confusion was caused because the £38m figure was forecast before some deductions. These included £2.3m of supplemental interest on LIG's £50m convertible bond issue for 1990-91 and an exceptional cost of £5.8m for extra interest on the bonds between their issue in 1987 and March 1990.

The extra interest has to be provided because bond holders are expected to exercise a put option in March 1992 at a price to give a yield of 8¼ per cent rather than the 4½ per cent coupon on the bonds.

The group's debt has risen sharply from £87.1m to a net £147.9m, including contingent liabilities of £4.4m, at the end of December. This compares with £87.5m in the last balance sheet, when shareholders' funds stood at £87.1m including intangibles of £42.3m. Mr Woltz said the current level of debt was seasonally high and that gearing would have been 100 per cent at the year end.

After the rights issue, he said, year-end gearing would fall to 24 per cent or 44 per cent excluding intangibles. A final dividend of 6.25p (5.65p) was promised.

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Laidlaw close to quarterly growth targets

By Robert Gibbens in Montreal

LAIDLAW, the waste management and school bus group controlled by Canadian Pacific, almost achieved target profit growth in the first quarter of fiscal 1991.

The North American recession affected waste operations, but the school bus business, hit for two years by staffing problems, turned around.

In the latest quarter, Laidlaw earned US$77.5m, up 26 per cent from $61.2m a year earlier, on revenues of $516m, up 28 per cent. Per-share earnings were 32 cents, up 19 per cent from 27 cents, because average shares outstanding were up nearly 10 per cent year-to-year. The quarterly dividend has been raised from 7 cents a share to 8 cents.

Laidlaw's medium-term target is a 20 per cent annual growth in per-share earnings.

Former chairman and founder Michael DeGroote will remain Laidlaw's representative in the ADT boardroom. Laidlaw owns 29 per cent of ADT, the Bermuda-based security systems group, and seeks additional seats. But it has not decided whether to increase its interest or sell.

Mr DeGroote resigned last month from the Laidlaw boardroom and retired to Bermuda. Earlier, he sold almost all his remaining shares to Canadian Pacific (CP). James Bullock, a well-known Toronto property executive, replaces him as a Laidlaw director.

Laidlaw stock has fluctuated on reports that South Carolina wants the company to set up a large trust fund against potential hazards at a waste landfill site, while Laidlaw insists $30m special insurance is sufficient. Last autumn it provided $33m after court action halted operations at a Cleveland landfill site.

Price falls hit Cockerill Sambre

By Lucy Kellaway in Brussels

COCKERILL SAMBRE, the Belgian steelmaker, yesterday warned that its profits for this year would be significantly lower due to the recent downturn in the steel market.

The warning follows a similar announcement from Arbed, the Luxembourg steel company, with which Cockerill has recently scrapped plans for a partial merger.

The companies are suffering from sharp falls in the prices of most steel products, lower demand, and increasingly aggressive pricing by other steelmakers.

However, Cockerill stressed that its financial position remained strong, and that its profits for the year just ended would show only a small fall against the record BFr15.4bn ($492m) net made in 1989.

Mr Jean Gandois, Cockerill's president, said the company was in no hurry to find other deals following the collapse of talks with Arbed, which would have pooled the flat steel-making operations of both groups. He said that talks had failed due to a conflict in the priorities, and he held out no hope that they could be revived.

Flat steel still accounted for some 90 per cent of Cockerill's business, despite some efforts by the company to diversify into other areas.

Any new partner would need to be quoted on the stock exchange, and would need to have considerable industrial and commercial strengths, Mr Gandois said.

Glaverbel to buy out car glass partner

By Lucy Kellaway in Brussels

GLAVERBEL, the Belgian glass maker controlled by Asahi Glass of Japan, is to increase its share of the European glass market by buying out its Italian partner in Splintex, a joint venture company making glass for the car industry.

The deal will mean that Asahi Glass, which is the biggest maker of glass for cars in the world, will further strengthen its hold over its Belgian subsidiary.

Glaverbel said that Splintex would in the future concentrate on producing high quality glass, using increasingly advanced technology, suitable for meeting the high demands of the growing number of Japanese car manufacturers setting up in Europe.

An investment programme costing BFr1bn ($32m) in its first stage is planned to improve production methods by the middle of next year.

Splintex, which had sales of BFr3.3bn in 1990, claims to have about 8.5 per cent of the European car market. The company was set up in 1986 in an attempt to allow the Belgian and Italian glass makers to increase their share of an increasingly competitive European industry.

Finns may reform investment

By Enrique Tessieri in Helsinki

A FINNISH government committee is considering reforms to the law restricting foreign investment in the country's companies. It expects to publish its recommendations by the end of June.

Professor Kirsti Rissanen, who heads the 14-member committee, said the revisions would replace both the 1939 Restricting Act and the 1988 Insurance Companies Act.

The 1939 act forbids foreigners from establishing businesses in key areas such as forestry and limits their equity ownership to 20 per cent or, with special permission, to 40 per cent. The 1988 act cut the maximum foreign ownership in Finnish insurance companies from 100 to 40 per cent.

Ms Rissanen said: "It is too early to say what the committee will actually recommend . . . but we do expect to recommend limits on equity ownership of companies."

Finnish bond market, Page 27.

INTL CAPITAL MARKETS AND COMPANIES

Zenith in battle to control board

By Martin Dickson in New York

ZENITH Electronics, the last remaining US maker of television sets, faces a fight to take control of its board from Nycor, a privately-owned New Jersey company which makes air conditioners.

Nycor, which built up an 8.2 per cent stake in Zenith last autumn, said in a filing with the Securities and Exchange Commission yesterday that it planned a proxy battle to place candidates on Zenith's board.

Nycor said it believed that the current Zenith management did not have a viable business plan to serve the best interests of stockholders and a change in leadership would be in the best interests of shareholders.

While other US television makers have dropped out of the business in the face of strong Asian competition, Zenith has struggled on and devoted large amounts of money towards developing a high definition television system which promises much clearer picture and sound quality.

The company said in December that it and AT&T were jointly developing an all-digital high definition system.

However, Zenith has been losing money – $38m in the first nine months of last year – while Nycor, which makes air conditioners under the Fedders brand name, is profitable and cash-rich after spinning off several engineering subsidiaries.

Fedders is run by Mr Salvatore Giordano, who took control in the late 1940s, and his son, Salvatore Jr.

Nycor said in its filing that it had met Zenith representatives to discuss plans for increasing shareholder value and had suggested that the company consider a possible spin-off of the consumer television business.

Digital to shed 3,500 workers in six months

By Louise Kehoe in San Francisco

DIGITAL EQUIPMENT, the second largest computer manufacturer, is to lay off up to 3,500 workers over the next six months. The action is the first large-scale lay-off in the company's history.

Digital had previously announced plans to reduce its 123,000 workforce by about 5,000 to 6,000 through voluntary severance programmes by the end of the current fiscal year, June 30.

Company officials said yesterday, however, that only about 2,500 people had so far left the company voluntarily.

"We don't think that, in the current economic climate, we can expect to reach our goal through voluntary programmes," the company said.

A computer industry-wide slump, on top of rising unemployment in Massachusetts, where Digital is based, had limited response to the voluntary severance programme, Digital said.

Digital said it was still evaluating where the job cuts would be made, but the "vast majority" would be in the US.

Yamaichi leads Y2.5bn purchase in Yamagen

A GROUP of five companies, led by Yamaichi Securities, one of the big four Japanese securities houses, has purchased Y2.5bn in new shares issued by Yamagen Securities, a middle-sized, Osaka-based securities house, Reuter reports from Tokyo.

This raises Yamaichi's stake to 40 per cent from 10 per cent and makes the group Yamagen's biggest shareholder. The purchase was aimed at strengthening Yamagen's financial base, which had suffered from the sharp drop in stock prices last year.

Yamaichi is also considering sending one or more directors to Yamagen to participate in its management. Yamagen, capitalised at Y1.62bn, became a member of the Tokyo stock exchange last November after paying Y1.3bn in joining fees.

CBOE names vice-chairman

THE board of the Chicago Board Options Exchange (CBOE) has named William C. Floersch, an independent market-maker, vice-chairman of the exchange and chairman of the executive committee for 1991.

Mr Floersch, a member of CBOE since 1974, succeeds Thomas A. Bond, who had served three one-year terms as vice-chairman. Mr Floersch ran unopposed for the exchange's top elected office.

Treasuries regain losses as high yields attract buyers

By Karen Zagor in New York and Simon London in London

US Treasury bonds yesterday morning recouped most of their previous day's losses, with buyers lured into the long end of the market by the attractively high yields.

At mid-session, the Treasury's 30-year bond climbed $\frac{3}{32}$ to $104\frac{1}{32}$, yielding 8.37 per cent, after closing down nearly 1 point on Wednesday. Among shorter-dated maturities, which have been less volatile than the long end of the yield curve, the two-year note was $\frac{1}{32}$ higher at 7.09 per cent.

The Federal Reserve arranged overnight matched sales when Fed funds were changing hands at $6\frac{13}{16}$ per cent. The move, which was widely anticipated, was seen as a protest against the low Fed funds rate and to correct a slight excess of reserves. The move was seen as a confirmation that the perceived new target for the rate is 6¾ per cent.

In the foreign exchange market, trading was expected to remain within its recent ranges before the January 15 deadline for Iraq to withdraw from Kuwait. At mid-session, the dollar was quoted at about Y134.60 and DM1.5310.

Indeed, trading was thin in most US financial markets yesterday morning after the extreme volatility of Wednesday linked to the Geneva peace talks. The Gulf remains the primary concern of the bond market, and volume will probably remain lacklustre until there are clearer signs of how the crisis will end.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-03	-05/32	11.41	11.43	11.38
		9.000	03/00	91-14	-03/32	10.47	10.59	10.48
		9.000	10/08	90-24	-18/32	10.12	10.13	10.11
US TREASURY *		8.500	11/00	102-03	-17/32	8.18	7.92	7.94
		8.750	08/20	103-28	-26/32	8.39	8.10	8.10
JAPAN	No 119	4.800	06/99	88.8409	+0.002	6.89	6.97	7.08
	No 129	6.400	03/00	98.7990	+0.057	6.61	6.59	6.80
GERMANY		9.000	10/00	100.2000	-0.450	8.96	8.98	8.71
FRANCE	BTAN	9.000	11/95	95.2216	-0.391	10.28	10.17	10.12
	OAT	8.500	03/00	91.5300	-0.350	9.93	9.86	9.87
CANADA *		10.500	03/01	101.6500	-0.550	10.23	10.10	10.06
NETHERLANDS		9.250	11/00	99.8800	-0.380	9.28	9.17	9.01
AUSTRALIA		13.000	07/00	104.3788	-0.288	12.21	12.00	11.69
BELGIUM		10.000	08/00	100.2500	-0.350	9.94	9.69	9.70

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

"The market is wholly rumour-driven at present," commented one analyst. "When there are signs of even a small rally everyone pours in. There is a large degree of wishful thinking in this performance."

In London trade, yields crept back up as investors reassessed the chances of a war in the Middle East. The 119 was trading at a yield of 6.88 per cent in late afternoon.

With a high dependence on imported oil and oil-based products, the Japanese economy is seen as vulnerable to open hostilities in the Gulf. The dollar could easily breach Y140 and government bond yields could rise well above 7 per cent if a "shooting war" develops.

GOVERNMENT BONDS

■JAPANESE government bonds defied expectations in overnight trading in Tokyo, staging a strong rally which saw cash bond yields fall by more than 10 basis points.

The benchmark government bond issue No 119 closed on a yield of 6.86 per cent, against 7 per cent on Wednesday. In the futures market, the key March bond futures contract closed at 96.02, against 95.69 the day before.

Analysts ascribed the rise to unsubstantiated rumours that Iraq was about to withdraw from Kuwait.

■GERMAN government bonds reacted negatively in early dealing yesterday to the failure of Gulf peace talks in Geneva, although a positive mood was later restored by German trade figures for November. In the cash market, the latest 9 per cent 10-year government bond closed the day at 100.33 for a yield of 8.95 per cent, against 8.88 per cent on Wednesday.

In the futures market, the key March bund futures contract closed at 82.22, little changed from the opening level of 82.19 but down from the 82.69 close on Wednesday.

German trade figures for November showed a marked weakening of export growth. This boosted bond prices as analysts suggested that more domestic production capacity could now be channelled into east German reconstruction without adding to inflationary pressures. Moreover a current account surplus of DM1.3bn in November, compared with DM6.6bn in October, could reduce the concomitant net capital outflow from Germany. Again, this could free investment resources for channelling into the east German economy.

■AFTER opening almost a point lower than Wednesday's London closing levels at the longer maturities, UK government bonds staged something of a recovery yesterday.

In the cash market, the benchmark long gilt maturing 2003/2007 closed the day at $108\frac{3}{8}$ for a yield of 10.54 per cent, against 10.48 per cent on Wednesday. At the shorter maturities prices held up better, although analysts said that this did not reflect significant switching by investors to the shorter end of the yield curve.

In the futures market, the key march gilt futures contract closed at 90.02, against 90.16 on Wednesday.

The biggest overnight falls in gilt prices took place in Tokyo trading time, which left most analysts bemused, given the strong performance of the Japanese government bond market.

■Foreign investment in Chile grew strongly in 1990, with the amount actually entering the country rising by 26.1 per cent, or by $284.4m over 1989, the government's foreign investment committee said, Reuter reports.

The total invested in 1990 was $1.13bn. Mining was the most important sector, accounting for 55.6 per cent followed by services at 33.5 per cent and other areas 10.9 per cent. These investments included projects approved both in 1990 and in previous years.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:05 pm on January 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	101⅝	+⅛	8.26
ALBERTA PROVINCE 9 3/8 95	600	103	103¼	-⅛	8.57
AUSTRIA 8 1/2 00	400	97⅝	98	-⅛	8.89
BANK OF TOKYO 8 3/8 96	100	97¼	97¾	-⅛	9.04
BELGIUM 9 1/8 92	400	101½	102	-⅛	8.09
BFCE 7 3/4 97	150	95¾	96¼	-⅛	8.66
BNP 8 5/8 94	300	100⅞	101¼	-⅛	8.30
BP CAPITAL 9 5/8 93	150	102⅞	103¼	-⅛	8.36
CANADA 9 96	1000	102⅞	103⅛	-⅛	8.31
CARCO 9 1/4 96	650	98¾	99	+⅛	9.58
CCCE 9 1/4 95	300	102⅞	103⅛	-⅛	8.39
COUNCIL EUROPE 8 96	100	97⅞	98¼		8.48
CREDIT FONCIER 9 1/2 99	300	103¼	103½	-⅛	8.93
DENMARK 0 98	250	52⅛	52⅝	-⅛	8.95
DENMARK 8 1/4 94	150	99⅞	100¼	-⅛	8.35
ECSC 8 1/4 96	193	98¾	99⅛	-⅛	8.52
EEC 7 1/4 93	250	98¾	99⅛	-⅛	7.89
EIB 7 3/4 96	250	97⅛	97½	-⅛	8.41
EIB 9 1/4 97	300	102⅛	102⅝	-⅛	8.76
ELEC DE FRANCE 9 98	200	101½	101⅞	-⅛	8.70
EUROFIMA 9 1/4 96	100	102⅛	102⅝	+⅛	8.65
EXPORT DEV CORP 9 1/2 98	150	103⅞	103¾	-⅛	8.85
FINLAND 7 7/8 97	200	95¾	96¼		8.89
FINNISH EXPORT 9 3/8 95	200	102¾	103½	-⅛	8.63
FORD MOTOR CREDIT 9 1/2 93	300	101¼	101⅝	-⅛	8.94
GEN ELEC CAPITAL 9 3/8 96	300	102⅞	103⅜	-⅛	8.66
GMAC 9 1/8 96	200	98⅝	99⅛	-⅛	9.46
HALIFAX 9 1/2 93	200	102	102⅝	-⅛	8.52
IBM WORLD TRADE 7 5/8 93	150	97⅞	98¼	-⅛	8.48
IND BK JAPAN FIN 7 7/8 97	200	94⅝	95⅛	-⅛	9.02
INTER AMER DEV 7 5/8 96	200	95½	95⅞	-⅛	8.65
ITALY 8 1/2 94	1500	100⅝	101	-⅛	8.24
JAPAN DEV BK 8 94	150	99⅛	99⅝	-⅛	8.19
KANSAI ELEC PWR 10 96	350	103⅞	104½	-⅛	9.02
LTCB 8 5/8 93	150	100⅛	100⅝	-⅛	8.53
NEW ZEALAND 8 93	100	99¼	99⅝		8.31
NIPPON CRED BK 9 3/4 93	150	102¾	103¼		8.56
NIPPON TEL & TEL 9 3/8 95	200	102⅞	103½		8.51
NORDIC INV BANK 9 93	200	102	102⅜	-⅛	8.04
ONTARIO HYDRO 11 5/8 94	200	108	109⅛	-⅛	8.56
OSTER KONTROLLBANK 8 1/8 93	200	100½	100⅞		7.84
PETRO-CANADA 7 1/4 96	200	94¼	94⅝	-⅛	8.65
PRUDENTIAL RLTY SECS 0 99	365.216	48½	49	-⅛	9.45
QUEBEC HYDRO 9 3/4 98	150	102½	102¾	-⅛	9.34
QUEBEC PROV 9 98	200	99⅞	100¼	-⅛	9.03
SAINSBURY 9 1/8 96	150	101¼	102⅛	-⅛	8.82
SAS 10 99	200	99⅞	100	-½	10.11
SBAB 9 1/2 95	500	103	103⅜	-⅛	8.62
STATE BK STH AUST 9 1/4 93	100	101⅞	102½		8.29
SUMITOMO BK CAP MKT 9 3/8 93	150	102	102½	-⅛	8.54
SWEDEN 8 1/8 94	150	98¾	99¼	-⅛	8.52
SWEDISH EXPORT 9 5/8 93	100	103	103½	-⅛	8.01
TOKYO METROPOLIS 8 1/4 96	200	98½	99	-⅛	8.58
WORLD BANK 8 3/8 99	1500	98½	98⅞	-½	8.83
WORLD BANK 8 3/4 97	1500	101⅛	101⅝	-⅛	8.63
XEROX CORPN 8 3/8 96	100	94⅝	95⅞	+⅛	9.62

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96½	96⅞	+⅛	9.14
AUSTRIA 6 98	400	83½	83¾	-⅛	9.22
CNT 6 1/8 98	200	83⅛	83⅝	+⅛	9.26
CREDIT FONCIER 6 3/4 99	500	85⅝	85⅞	-⅛	9.32
DEUTSCHE BK FIN 5 5/8 96	750	86⅛	86⅜	-⅛	8.94
EEC 5 3/8 93	300	93⅝	93⅞	-⅛	9.18
EIB 6 1/8 96	300	87⅛	87⅝	+⅛	9.20
EIB 6 7/8 95	300	93⅛	93⅝	+1⅛	8.66
EUROFIMA 6 1/4 98	400	85⅛	85⅜		9.05
FELDMUEHLE FINANCE 8 99	200	92⅝	92⅞	+⅛	9.29
FERRO DEL STAT 5 3/8 93	500	93⅛	93⅜	-⅛	9.20
IND BK JAPAN FIN 5 5/8 96	200	84⅛	84½	+⅛	9.47
INTER AMER DEV 7 1/4 99	300	88⅛	88⅜	-⅛	9.21
LUFTHANSA INT FIN 5 7/8 98	500	81⅝	81⅞		9.42
QUEBEC HYDRO 6 3/4 99	300	87	87	+1	9.05
SWEDEN 6 1/8 98	300	85⅛	85½	-⅛	8.94
WORLD BANK 0 15	2000	15⅛	15⅜		7.76
WORLD BANK 5 3/4 96	300	86⅛	86⅝		9.23
WORLD BANK 7 1/8 95	500	93⅝	93⅞	-⅛	9.09

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	81⅛	83	+⅛	7.84
AUSTRIA 4 5/8 98	100	85⅜	85⅞	+⅛	7.37
CHUJITSUYA 7 3/4 95	50	101	102	+½	7.47
COUNCIL EUROPE 4 3/4 98	250	85	85¼	-⅛	7.55
EEC 5 1/2 00	100	87	88	+½	7.40
EIB 5 3/4 93	100	96½	97¼	-⅛	7.16
FINLAND 5 3/8 95	150	94	95½		6.88
GENERAL MOTORS 7 1/2 95	100	100⅞	101½	+½	7.28
JAPAN DEV BK 5 1/2 94	100	96½	97		6.79
MOUNT ISA FINANCE 5 3/4 94	100	87½	88	+1	10.35
NEW ZEALAND 4 7/8 99	200	82½	83½	-½	7.89
QUEBEC HYDRO 5 08	100	74	75		7.79
SKANDINAVISKA ENSK 6 1/2 95	100	94½	95½	-½	8.17
WORLD BANK 5 03	150	80	80½		7.51
WORLD BANK 7 1/4 92	100	100½	101	+½	6.85

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	93¾	94¼		7.07
CANADA 4 3/8 92	80000	96⅛	96⅝		7.24
CREDIT FONCIER 5 1/4 94	20000	93¾	94¼		7.16
DENMARK 7 95	40000	100	100¼		7.00
EIB 4 5/8 94	40000	92⅛	92⅝	-⅛	7.19
GENERAL ELECTRIC 5 3/4 93	35000	96⅛	96⅝	-⅛	7.56
INTER AMER DEV 7 1/4 00	30000	102⅛	102⅝	+⅛	6.89
ITALY 5 3/4 92	150000	98¾	98⅞		7.44
KANSAI ELEC PWR 4 5/8 94	60000	92⅛	92⅝	-⅛	7.20
NIPPON TEL & TEL 5 7/8 96	50000	95⅛	95⅝	-⅛	6.82
NORWAY 5 1/8 95	50000	93¼	93½	-⅛	7.02
SWEDEN 5 5/8 95	20000	94¼	94⅝	-⅛	7.13
WORLD BANK 6 3/4 00	50000	99½	99¾		6.82

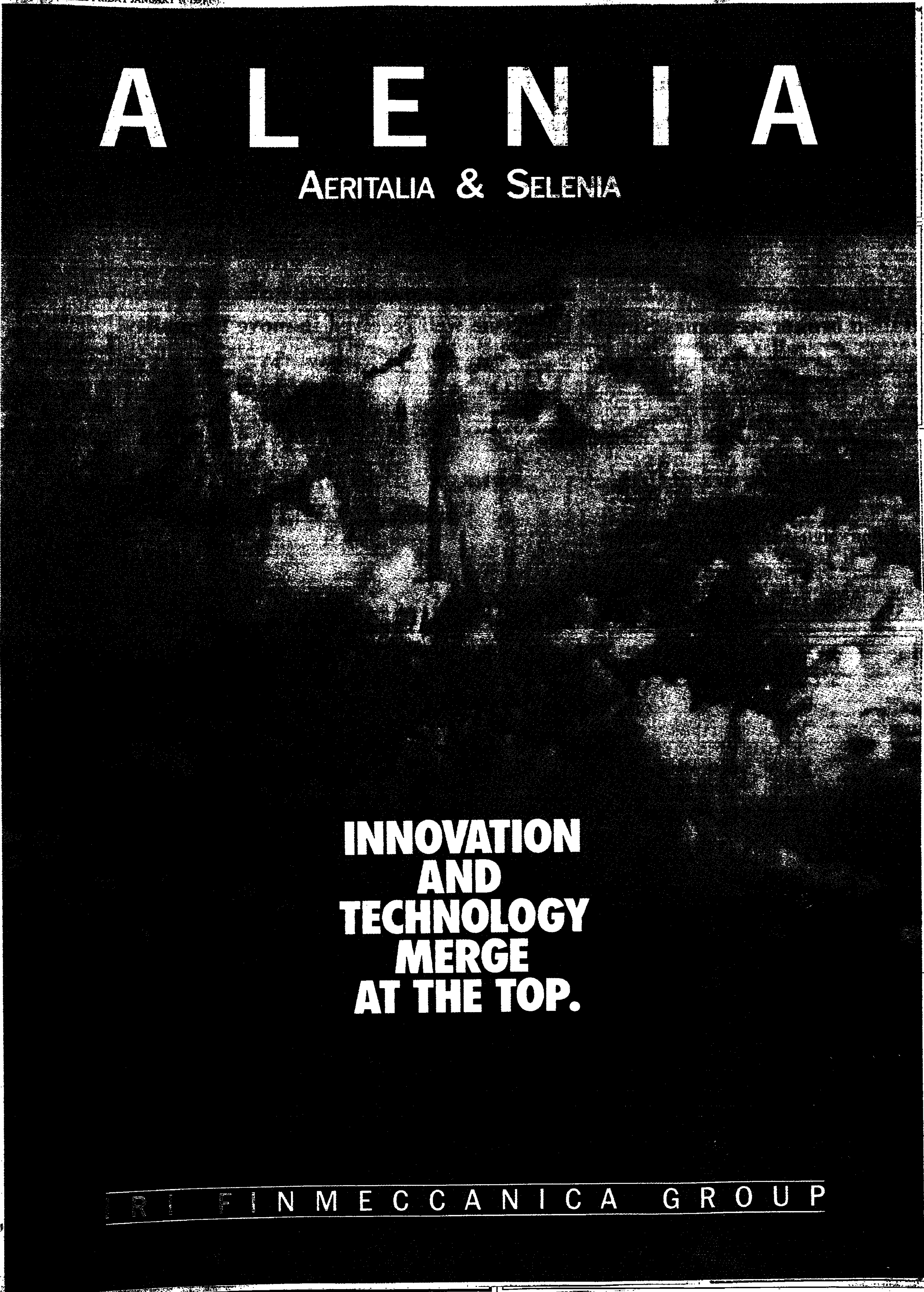
OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93⅞	94⅞		9.35
KREDIETCORP 7 93 LFr	1000	93¼	94¼		10.86
WORLD BANK 8 96 LFr	1000	94	95		9.48
AMRO BANK 6 1/4 92 Fl	150	94⅝	95⅛		10.02
RABOBANK 5 3/4 93 Fl	150	92¼	93		9.92
ALBERTA PROVINCE 10 92 C$	500	98¼	98⅝		11.22
BCE INC 9 5/8 93 C$	300	96⅛	96⅝	-⅛	11.58
BELL CANADA 10 5/8 99 C$	150	96⅜	96⅞	+⅛	11.28
BRITISH COLUMBIA 9 1/4 93 C$	150	96¼	96⅝		11.28
EIB 10 1/8 98 C$	130	96⅛	97		10.84
FORD CREDIT CANADA 10 94 C$	100	95⅝	96⅛	+⅛	11.51
GENERAL ELECT CAP 10 1/4 93 C$	175	98⅞	99⅜	+⅛	10.70
MONTREAL TRUSTCO 8 1/2 92 C$	100	95⅞	96⅛	-⅛	12.41
ONTARIO HYDRO 10 7/8 99 C$	500	98⅛	98⅝	-⅛	11.22
QUEBEC PROV 10 1/2 98 C$	200	96⅛	96⅞		11.21
ROYAL TRUSTCO 10 1/4 93 C$	100	96⅛	97		11.96
SWEDEN 9 3/4 93 C$	250	98¼	98⅝	+⅛	10.58
AUSTRIA 7 3/8 99 Ecu	125	93⅝	94⅛	+⅛	10.71
CNT 7 3/8 93 Ecu	250	92⅞	93⅜	+⅛	10.77
CREDIT LYONNAIS 9 96 Ecu	125	92⅞	94⅛		10.80
DENMARK 7 5/8 96 Ecu	250	89⅝	90⅛		10.24
EEC 7 5/8 94 Ecu	200	93⅜	93⅞		10.29
EIB 10 97 Ecu	1125	99⅞	100⅛		10.02
ITALY 10 3/4 00 Ecu	1000	103½	103⅞		10.13
SWEDEN 7 1/2 93 Ecu	250	91⅞	93⅛	-1	11.30
BMW FINANCE 14 1/2 92 A$	100	101⅛	102⅛		12.99
COUNCIL EUROPE 13 93 A$	50	101	102	-⅛	12.39
EKSPORTFINANS 12 3/8 95 A$	75	99⅞	100⅜		12.36
FORD CRED AUST 13 93 A$	50	99⅞	100		13.22
ICI 15 1/2 92 A$	100	102⅞	103⅜	-⅛	13.33
MCDONALDS CANADA 15 95 A$	100	105⅛	105⅝	+⅛	13.29
NAT AUSTRALIA BANK 14 3/4 94 A$	150	103½	104	+⅛	13.27
STATE BK NSW 14 1/4 99 A$	100	106⅛	106⅞		12.95
VOLKSWAGEN INTL 15 94 A$	100	104⅝	105⅛		13.10
ABBEY NATL TREAS 13 3/8 95 £	100	103⅞	104⅛		12.14
BARCLAYS JERSEY 9 1/2 93 £	250	94⅞	95⅛	+⅛	12.27
BRITISH GAS 12 3/4 95 £	150	103⅞	104⅛	-⅛	11.97
DEUTSCHE BK FIN 11 94 £	225	98	98⅜		11.82
EIB 10 97 £	300	94⅜	94⅞	+⅛	11.32
FORD CREDIT FUNDING 9 5/8 93 £	50	93⅞	94⅛	+⅛	13.00
INTER AMER DEV 11 3/8 95 £	75	99⅞	100⅛		11.44
ITALY 10 1/2 14 £	400	91⅜	91⅞	-⅛	11.53
LAND SECS 9 1/2 07 £	200	78	78⅜	-⅛	12.75
LEEDS PERMANENT 9 1/4 93 £	50	93⅜	93⅞	-⅛	12.57
NORWAY 10 1/2 94 £	200	97	97⅜		11.48
ROLLS-ROYCE 9 5/8 93 £	150	93⅛	94	-⅛	12.78
SAINSBURY 10 7/8 93 £	100	97⅜	97⅞		12.44
SKANDINAVISKA ENSK 13 1/8 95 £	100	103	103⅜	+⅛	12.13
WORLD BANK 11 1/4 95 £	100	99½	100	+⅛	11.36
ABBEY NATIONAL 0 96 NZ$	100	46⅛	47⅛		14.29
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	99⅞	100⅛		13.39
AIDC 7 7/8 93 FFr	600	93½	94		10.72
CREDIT LYONNAIS 10 95 FFr	2000	98¼	98⅝	-⅛	10.48
EURATOM 7 5/8 98 FFr	500	86⅛	86⅝	-⅛	10.37

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.63	99.80	13.9375
ALBERTA PROVINCE 1/32 93	500	99.85	99.96	7.5938
ALLIANCE & LEICS 0.08 94 £	300	99.32	99.37	13.9550
BANCO ROMA 0.03 01	200	91.00	92.50	7.9563
BANCO SANTO SPIRITO 93	200	99.52	99.62	8.4375
BELGIUM 1/16 97 DM	500	99.90	100.05	8.8125
BFCE -0.02 96	350	99.76	99.86	7.7925
BNP 05	300	97.18	97.48	7.8750
BRITANNIA 1/10 96 £	150	99.56	99.61	13.9750
CITIZENS FED 0.15 96	100	99.25	99.84	8.2125
COMMERZBK O/S FIN 95	200	99.60	99.70	7.9375
DENMARK -1/8 96	1000	98.97	99.07	8.0000
ELEC DE FRANCE 1/8 99	400	99.90	100.73	8.3750
FERRO DEL STAT 94	200	100.10	100.20	8.2500
HALIFAX 1/10 94 £	200	99.45	99.50	13.9750
HILL SAMUEL 1/4 PERP	75	82.00	86.00	8.5000
MITSUI FIN ASIA 1/8 96	100	99.15	99.28	8.1875
MORGAN (JP) 1/4 97	250	97.66	98.66	8.4375
NAT WEST FIN 3/16 05	400	91.91	92.91	8.3125
NEW ZEALAND 93	500	99.43	99.57	8.0625
QUEBEC PROV 01	300	97.08	97.20	8.1250
RENFE 98	500	99.76	99.86	7.8750
SOCIETE GENERALE 96	300	98.69	98.79	8.0000
STATE BK VICTORIA 0.05 99	125	97.81	98.06	8.4375
UNITED KINGDOM -1/8 96	4000	100.06	100.11	7.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	105½	106½	+27.55
ASDA-MFI 4 3/4 02 £	100	1.64	109½	110½	+44.82
BURTON GROUP 4 3/4 01 £	110	3.15	106⅛	107⅝	
EASTMAN KODAK 6 3/8 01	300	50.67	93⅝	94⅝	+20.48
GOLD KALGOORLIE 7 1/2 00	65	1.0554	63	64⅛	+25.57
GOODYEAR TIRE 6 7/8 03	150	80⅛	56	57⅛	
GRACE (WR) 6 1/4 02	150	42⅛	75⅝	77	+31.57
GRAND MET 6 1/4 02 £	100	6.38	102⅛	103⅛	-0.45
HAWLEY 6 02 PREF	400	1.91	90⅛	92⅛	+36.25
HILLSDOWN 4 1/2 02 £	150	4.16	103⅜	104⅛	+76.97
INTL PAPER 5 3/4 02	200	68⅛	89⅝	90⅝	+19.57
LAND SECS 6 3/4 02 £	84	6.72	84⅝	85⅝	+9.56
MITSUBISHI BK 1 3/4 02	300	2727.1	84½	86½	-2.06
OGDEN 6 02	85	39.077	65⅛	66⅛	+37.43
PACIFIC DUNLOP 6 3/4 97	75	3.749	101	102⅜	+3.68
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	80	82	+71.10
THORN EMI 5 3/4 04 £	103	7.45	103⅛	104⅛	+15.36

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.


ALENIA
AERITALIA & SELENIA
INNOVATION AND TECHNOLOGY MERGE AT THE TOP.
IRI FINMECCANICA GROUP

Papua New Guinea raises $1bn for oil development

By Stephen Fidler, Euromarkets Correspondent

A DEBT financing for a $1bn oil development in Papua New Guinea is being raised among international banks.

The financing for the Kutubu oil project will raise up to $324m of debt for two borrowers involved in the project: Ampol Exploration, a subsidiary of Pioneer Industries of Australia, and an associate of Pioneer, based in Papua New Guinea, Oil Search.

The other companies involved, Chevron as operator, BHP, British Petroleum and the Mitsubishi Group, are expected to finance their share out of their own funds. The government of Papua New Guinea will have a 22½ per cent interest in the project, its stake being paid for out of future oil revenues.

The actual sums raised will depend on the project's ability to support debt as measured by a number of variables, such as the remaining oil reserves. If 100 per cent debt funded, Ampoex will raise up to $220m and Oil Search up to $104m.

After completion of the project, which includes a gravity-fed pipeline to a mooring buoy, both financings will become non-recourse to the companies. Production is expected to start towards the end of the second quarter next year.

The expected production of the development is expected at 220m barrels, and daily output declining from the initial 120,000 barrels per day. The pipeline is expected be usable for other developments.

The financing includes political risk insurance through OPIC, the US government agency and the Australian export credit agency.

It is also possible that the International Finance Corporation, the World Bank affiliate created to encourage the growth of the private sector in developing countries will also lend on its own account to Oil Search.

Each financing is priced initially at a different margin over London interbank offered rates, but the margins become identical once production has started. The term of the facility is between six and seven years, but the average life of the financing is expected to be about four years, with principal repayments skewed towards the early years when production is highest.

Syndication among banks is 75 per cent complete, with around 10 banks in the financing. Bankers Trust won the mandate for the financing against a competing bid from Chase Manhattan and Deutsche Bank.

Finland opens doors to foreign investment

Tracy Corrigan explains the impact of liberalisation on a small Scandinavian market

WHEN the final stage of liberalisation is completed in February, the Finnish bond market will at last be fully open for foreign business.

The market is small, even by Scandinavian standards, but offers some of the highest yields in Europe, and recent favourable trends have caught the attention of some international investors.

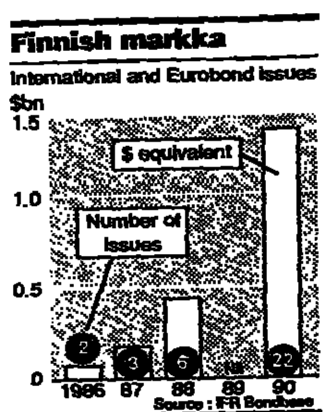
Since February 1990, foreigners have been allowed to buy newly-issued Finnish markka domestic bonds, but not bonds launched before that date.

Outstanding bonds in the domestic market total over FM100bn, and only 20 per cent of that market – the FM22bn of bonds issued since February 1990 – has been available to investors outside Finland until now.

They have also been allowed to buy markka-denominated international bonds, and, since the market was opened last year, Eurobonds. As of February 1, all domestic bonds will be available to non-residents.

Finnish markka

International and Eurobond issues



Around a quarter of the domestic market consists of government debt. More than half the rest is made up of bonds issued by financial institutions, and the balance is corporate debt. According to Nomura Research Institute, only about FM45bn will be likely to attract foreign interest, due to the large volume of private placements. Further, some bonds are issued free of all tax to Finnish investors, and so offer relatively low yields.

Although the market's lack of liquidity will remain a sticking point, fundamental economic trends are claiming some international interest. With bond yields over 14 per cent and inflation expected to fall below 5 per cent in 1991, real interest rates are among the highest in Europe. "The economy is slowing down," says Mr Andrew White, a UBS analyst, citing falling industrial production and a non-inflationary December wage agreement.

The government traditionally follows a strict currency policy, keeping the markka stable against an index of 15 currencies.

Meanwhile, the structure of the Finnish market is shifting. Finnish insurance companies and pension funds find it difficult to meet their demand for long-term bonds, as the maximum maturity in the government bond market is five years. Consequently, many lent directly to companies, often their parent companies.

This practice is expected to die out as a more sophisticated bond market grows. A market in mortgage bonds, or even mortgage-backed bonds, could develop, according to Mr William Ledward, senior European economist at Nomura Research Institute.

In addition, the size of the government bond market is likely to increase. "The Finnish government is moving from surplus to debt, but will never have a huge funding requirement," says Mr Ledward.

Meanwhile, the government has continued to issue new bonds, even when the net amount of government bonds has been shrinking, in order to replace tax-free bonds with taxable paper. Despite a net redemption of FM2bn in the first half of 1990, the size of the market reached FM27.5bn, as of June 1990, growing FM9bn in five years.

The growth of the international bond, and, since last year, Eurobond market has been hampered by the lack of swap opportunities, which has effectively limited the market to borrowers with a requirement for Finnish markka. The free access to short-term money market instruments and associated derivative products granted to non-residents on January 1 1991 should help the nascent swap market to develop.

Italian broker welcomes Sims

By Haig Simonian in Milan

ITALY'S leading stockbroker yesterday welcomed the country's new law on stock exchange reform, which came into operation on Monday, while sounding a warning note about the future of physical trading on the bourse floor.

Mr Attilio Ventura, the chairman of the Milan stock exchange, said the Societa di Intermediazione Mobiliare (SIM), Italy's new type of broker-cum-fund manager, would increase transparency.

Taken with the decision to concentrate equity trading on the bourse floor and the gradual introduction of a computer-based trading system for shares, Mr Ventura claimed the Italian market now had the instruments to catch up with its big counterparts in Europe.

However, he was unable to give details on whether Milan would move to an entirely screen-based system, or on how the introduction of new technology would affect trading hours.

Screen-based trading, which is due to start with a limited number of shares in July, will operate at the outset alongside the existing auction system.

Following the introduction of electronic trading, it was possible to envisage a second phase, in which deals would be done exclusively from outside the bourse, he said.

"The bourse will lose some physical presence, but it will not be completely void of human beings," he said. Trading in certain residual stocks, which would not form part of the electronic system, and dealings in fixed-income securities and futures and options trading would fill the gap.

Italy currently lacks a market for trading derivative financial products, although the new Sims law makes some provision for their introduction.

Mr Ventura expressed optimism on the enactment this year of legislation regarding takeover bids and insider trading. By contrast, he was unable to shed light on the saga of when foreign companies would list in Milan.

EIB issue well received in move to quality

By Tracy Corrigan

ONLY sovereign and supranational borrowers tapped the international bond markets yesterday as investors' focus on credit quality is heightened by potential war in the Gulf, limiting the market's receptiveness to lesser credits.

The European Investment Bank is carrying on normal operations in the capital markets, to finance the steady disbursement of loans, an official said. The agency brought two deals yesterday, a DM200m 10-year issue of floating-rate notes, and a £100m tranche, added to its outstanding £300m issue of 10½ per cent bonds due 1999. Neither deal was swapped.

INTERNATIONAL BONDS

Demand for the D-mark floater was firm, partly because floating-rate notes are considered less vulnerable than fixed-rate bonds in times of volatility. The deal, launched by Dresdner, was bid at 99.80, within full fees.

The EIB's sterling offering was also well received, according to lead manager Samuel Montagu, which fully underwrote the deal. The bonds were launched at a yield spread of 35 basis points above the comparable gilt, a full 5 basis points more than the existing bonds.

A new issue in the Spanish matador bond market for the Republic of Austria met strong demand, despite being tightly priced in relation to outstanding matador bonds, and the newly liberalised government bond market. A matador is a bond issued by a foreign borrower in the Spanish market.

Austria is only the second sovereign borrower to tap the market, following Denmark's debut in August.

The Pta15bn six-year deal was aggressively priced to yield 13.35 per cent, 30 basis points less than the Denmark bonds are yielding. However, little Denmark paper is available.

Austria's sovereign debt appeared to command some rarity value, even though, as of January 1991, withholding tax on Spanish government bonds for foreign investors has been abolished, opening a much larger and more actively traded market in sovereign debt to non-residents.

In addition, the government bond market offers higher yields. For example, five-year Spanish government bonds yield around 14.30, nearly a full point more than the new Austria deal. However, the government bond market is very illiquid for maturities longer than five years.

Dealers said many bonds were placed with retail investors, who may prefer bearer (matador) bonds to registered (government) bonds.

The issue was swapped into fixed-rate Swiss francs, the first swap transaction to be authorised by the Spanish authorities since the autumn, when a moratorium on peseta swaps was declared.

● In the US medium-term note market, Swedish Export Credit is issuing up to $100m of oil-linked notes, which offer investors a means of hedging against rising oil prices. The one-year notes, via Goldman Sachs, pay interest at 10¾ per cent, providing the price of oil does not fall below $15 per barrel. The yield on the notes falls to nothing if the price of oil drops to $12.50.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
EIB(b)◆	100	10½	95.40	1999	-	Samuel Montagu
D-MARKS						
EIB(c)†◆	200	(c)	100	2001	¼/⅛	Dresdner Bk
PESETAS						
Republic of Austria(a)◆	15bn	13.55	101.80	1997	1⅝	Bco.Bilbao Vizcaya

★★Private placement. §Convertible. ‡With equity warrants. †Floating rate note. ◆Final terms. a) Non-callabe. b) Fungible with existing £300mn deal. Non-callable. c) Coupon pays 3-month Libor minus 15bp. Callable after 2 years at par, then on each coupon date, thereafter.

Rothschild to advise on Polish bank sell-off

By Christopher Bobinski in Warsaw

N.M. ROTHSCHILD and Sons is to advise Poland's Export Development Bank (BRE) on its privatisation, the country's first big banking sale.

The BRE, which has assets of $450m, was set up by the government in 1986 to develop Poland's trading potential. It is 51 per cent owned by the foreign trade and finance ministries.

Decisions have yet to be taken on strategy and date of the privatisation. However the BRE is expected to look to a foreign bank to buy a significant number of shares rather than rely on a public offer to private domestic investors.

● Taiwan's Finance Ministry said it will issue T$30bn worth of government bonds today to help finance the budget deficit, Reuter reports from Taipei. The five-year bonds carry a coupon of 9.75 per cent and will be sold to the public and financial institutions. A ministry official said: "We have to issue the bonds as we have not received enough in taxes since the stock market crash last year."

Sainsbury signs £250m CP programme

By Simon London

J. SAINSBURY, the UK food retailing group, has signed a £250m commercial paper programme arranged by Barclays de Zoete Wedd.

The four dealers to the programme are BZW, Midland Bank, NatWest Capital Markets and Swiss Bank Corporation. The deal enables Sainsbury to issue paper in sterling or dollars with maturities ranging from seven to 365 days.

The programme will be used to meet short-term working capital requirements and replaces an existing £100m facility, which was regarded as a benchmark deal in the sector when signed in 1986.

Total paper outstanding in the market now amounts to £5.28bn.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section. Thursday January 10 1991.

	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jan 9 Index No.	Tue Jan 8 Index No.	Mon Jan 7 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (188)	701.04	-1.4	15.15	6.79	8.05	0.00	710.63	700.97	705.45	949.65
2 Building Materials (25)	950.77	-1.8	15.14	6.43	8.13	0.00	967.74	958.54	966.29	1171.87
3 Contracting, Construction (31)	1080.79	-0.8	17.03	7.28	7.63	0.00	1089.94	1087.38	1100.19	1602.24
4 Electricals (10)	1894.24	....	14.84	7.04	8.24	0.00	1895.15	1879.05	1884.90	2695.59
5 Electronics (26)	1515.32	-0.6	10.57	5.68	12.61	0.00	1524.99	1508.84	1511.23	2012.44
6 Engineering-Aerospace (8)	391.35	-2.3	17.15	6.24	6.98	0.00	400.67	394.96	396.05	489.02
7 Engineering-General (47)	356.41	-1.5	16.39	7.19	7.36	0.00	361.69	359.75	360.91	500.88
8 Metals and Metal Forming (8)	397.49	-0.7	22.98	8.66	5.37	0.00	400.26	395.35	398.25	492.88
9 Motors (13)	282.40	-1.8	17.67	8.52	6.60	0.00	287.71	280.63	284.06	397.31
10 Other Industrial Materials (20)	1208.52	-1.6	13.91	6.72	8.31	0.00	1228.21	1197.55	1206.83	1754.02
21 CONSUMER GROUP (181)	1212.76	-1.0	10.09	4.30	12.30	0.00	1224.58	1209.09	1213.90	1345.36
22 Brewers and Distillers (22)	1586.97	-1.1	10.22	3.92	12.05	0.00	1604.57	1577.83	1579.32	1568.17
25 Food Manufacturing (20)	1033.13	-0.9	11.17	4.80	11.04	0.00	1042.98	1029.53	1033.49	1167.25
26 Food Retailing (16)	2267.53	-0.8	9.77	3.32	13.36	0.00	2286.32	2277.00	2285.98	2334.43
27 Health and Household (20)	2476.16	-0.7	7.28	3.09	16.30	0.00	2493.07	2468.36	2488.96	2737.86
29 Hotels and Leisure (22)	1170.67	-1.3	11.91	5.82	9.90	0.00	1185.95	1173.37	1187.71	1683.63
30 Media (25)	1205.74	-1.3	12.43	5.63	10.12	0.00	1221.78	1207.51	1212.80	0.00
31 Packaging & Paper (11)	514.68	-0.6	10.31	6.67	11.91	0.00	517.66	512.77	517.40	599.22
34 Stores (34)	789.17	-1.1	10.82	4.63	12.04	0.00	798.21	781.95	779.37	821.18
35 Textiles (11)	407.67	....	14.12	8.62	9.08	0.00	407.75	406.29	405.73	547.27
40 OTHER GROUPS (111)	989.51	-0.9	12.95	6.04	9.34	0.00	998.24	982.87	987.71	1222.58
41 Business Services (12)	995.32	-0.9	12.58	5.41	9.46	0.00	1004.01	990.75	996.35	0.00
42 Chemicals (22)	1031.10	-0.7	13.67	6.87	8.64	0.00	1038.31	1027.40	1038.06	1283.72
43 Conglomerates (11)	1235.49	-1.2	13.98	8.25	8.50	0.00	1250.50	1221.85	1230.94	1707.15
44 Transport (15)	1851.86	-1.5	13.99	5.49	8.83	0.00	1879.24	1859.67	1867.33	2405.21
45 Electricity (12)	998.69	-0.7	12.35	7.05	9.77	0.00	1005.35	996.33	994.96	0.00
46 Telephone Networks (3)	1129.18	-0.8	11.85	4.48	10.98	0.00	1137.80	1119.30	1120.69	1254.22
47 Water (10)	2197.71	-0.1	14.25	6.37	7.92	0.00	2200.60	2184.90	2193.18	1980.33
48 Miscellaneous (26)	1554.66	-1.0	12.26	5.88	9.49	0.00	1570.96	1535.58	1547.48	1963.75
49 INDUSTRIAL GROUP (480)	1018.68	-1.0	12.03	5.36	10.18	0.00	1029.15	1015.04	1019.89	1224.06
51 Oil & Gas (20)	2226.39	-0.6	10.05	5.73	13.00	0.00	2239.25	2251.90	2267.04	2383.06
59 500 SHARE INDEX (500)	1118.38	-1.0	11.74	5.41	10.51	0.00	1129.14	1116.84	1122.50	1321.54
61 FINANCIAL GROUP (98)	695.57	-0.8	-	6.84	-	0.00	701.24	689.20	697.84	852.59
62 Banks (9)	738.09	-1.1	21.75	7.84	6.02	0.00	746.05	728.82	739.17	890.30
65 Insurance (Life) (7)	1260.68	-0.5	-	6.09	-	0.00	1266.60	1243.13	1259.94	1406.20
66 Insurance (Composite) (6)	600.16	-1.3	-	7.13	-	0.00	608.14	594.46	601.95	717.46
67 Insurance (Brokers) (8)	982.44	-0.6	7.50	6.56	17.47	0.00	988.06	986.73	993.19	1162.06
68 Merchant Banks (7)	343.94	-0.7	5.66	5.97	23.54	0.00	346.29	347.46	352.16	496.05
69 Property (41)	943.31	+0.1	7.21	5.00	18.84	0.00	942.72	933.58	943.51	1226.18
70 Other Financial (20)	245.69	-1.3	11.11	7.36	11.37	0.00	248.81	248.14	250.14	347.49
71 Investment Trusts (69)	971.97	-1.2	-	4.19	-	0.00	983.96	973.69	980.46	1299.47
99 ALL-SHARE INDEX (667)	1013.81	-0.9	-	5.58	-	0.00	1023.43	1011.39	1017.62	1209.67

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 9	Jan 8	Jan 7	Jan 4	Jan 3	Year ago
FT-SE 100 SHARE INDEX‡	2108.7	-20.2	2114.3	2103.6	2128.9	2099.9	2113.3	2126.1	2117.8	2417.9

FIXED INTEREST

PRICE INDICES	Thu Jan 10	Day's change %	Wed Jan 9	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	119.42	+0.01	119.41	1.92	0.00
2 5-15 years (32)	129.03	-0.22	129.32	2.59	0.00
3 Over 15 years (8)	136.07	-0.47	136.70	2.29	0.00
4 Irredeemables (6)	149.98	+0.26	149.58	1.64	0.00
5 All stocks (74)	128.21	-0.16	128.42	2.35	0.00
Index-Linked					
6 Up to 5 years (2)	158.01	+0.06	157.92	0.81	0.00
7 Over 5 years (10)	144.03	-0.02	144.28	0.59	0.23
8 All stocks (12)	144.96	-0.01	145.19	0.61	0.21
9 Debs & Loans (54)	104.32	+0.03	104.28	2.30	0.00

AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 10	Wed Jan 9	Year ago (approx.)
British Government				
1 Low	5 years	9.92	9.91	10.37
2 Coupons	15 years	9.98	9.94	9.86
3 (0%-7¾%)	25 years	10.03	9.96	9.82
4 Medium	5 years	10.82	10.81	11.39
5 Coupons	15 years	10.38	10.32	10.31
6 (8%-10¾%)	25 years	10.21	10.16	9.94
7 High	5 years	10.94	10.93	11.53
8 Coupons	15 years	10.57	10.51	10.49
9 (11%-)	25 years	10.36	10.30	10.06
10 Irredeemables		10.21	10.24	9.88
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.92	3.93	3.83
12 Inflation rate 5%	Over 5 yrs.	4.17	4.17	1.66
13 Inflation rate 10%	Up to 5 yrs.	2.64	2.66	2.98
14 Inflation rate 10%	Over 5 yrs.	4.00	3.99	3.49
15 Debs &	5 years	12.62	12.63	13.31
16 Loans	15 years	12.37	12.37	12.30
17	25 years	12.14	12.14	12.23

‡Opening index 2109.3; 9 am 2105.3; 10 am 2111.0; 11 am 2110.4; Noon 2107.9; 1 pm 2109.8; 2 pm 2109.7; 2.30 pm 2110.5; 3 pm 2109.5; 4.10 pm 2108.9; (a) 10.12am (b) 8.42am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	48	24
Corporations, Dominion and Foreign Bonds	0	5	16
Industrials	136	538	891
Financial and Properties	69	267	410
Oils	16	39	38
Plantations	1	0	9
Mines	35	29	99
Others	17	101	46
Totals	288	1,027	1,533

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	100	96	Aberforth Smaller Co.	97	-1	-	-	-	-
-	F.P.	-	28	26	Do. Warrants	26					
240	100	-	149½	142	East Midlands Elect. 50p	148½	-½	R15.04	1.7	7.0	10.1
240	100	-	144	136	Eastern Elect. 50p	136	-3	R14.45	1.6	7.0	10.5
§100	F.P.	-	95	91	‡Eidos 10p	91		-	-	-	-
-	F.P.	-	2575	2550	Eurotunnel Fnder. Wrnts	2575					
-	Nil	-	90	90	JF Pacific (New Wrnts)	90		-	-	-	-
240	100	-	147	136	London Elect. 50p	144½	-2½	R14.9	1.7	7.0	10.0
240	100	-	171	160½	Manweb 50p	168	-3	R16.0	1.8	6.9	9.3
240	100	-	144	136	Midlands Elect. 50p	139½	-2½	R15.04	1.8	7.2	9.1
240	100	-	149	143	Northern Elect. 50p	145	-1	R16.25	1.9	7.6	8.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+or -
100p	F.P.	-	100¾p	99½p	Bank of Scotland 9¾pc Non Cm Pf £1	100¾p	+¼
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	86	
4	P/P	29/11	38p	32½p	‡Greenacre Group Cv. Rd. Prf. 70p	35p	
35	-	-	32½	30½	Grovewood Securities 8pc Cv Ln 2000	30½	
100p	F.P.	-	103p	96p	‡TT Group 10¾pc Cnv. Rnd. Prf. 1997	103p	
100p	F.P.	-	110p	103p	Worcester Cm Rd Cv Pf	110p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+or -
65½	Nil	-	½pm	¼pm	Intl. Bus. Comms.	¼pm	-¼
14	Nil	-	½pm	¼pm	New London 5p	¼pm	-¼

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ¶ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ‡ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

● First Dealings Jan. 7
● Last Dealings Jan. 18
● Last Declarations April 11
● For settlement April 22

For rate indications see end of London Share Service

Calls in Brent Walker, Crossroads Oil, Eurotunnel Warrants and Saatchi & Saatchi. Puts in T. Cowie, Lex Service and Ratners.

LONDON TRADED OPTIONS

THE COLLAPSE of talks between the US and Iraqi foreign ministers led to an early mark down in stock index futures, although by the close the market had become more optimistic and closed above the day's lows.

Equity futures took their cue from Wall Street with March FT-SE 100 index contract opening 25 points lower at 2,145. The heightened prospect of a Gulf war encouraged a further decline to 2,138. However, the selling pressure was not strong and dealers noted support at the lower levels.

The stability of sterling and the limited rally in the oil market allowed some investors to recover their nerve. They began to buy modest amounts of stock futures.

As it became clear that the losses would be limited there was a small increase in confidence on the futures market. The March contract began to trade at a premium of more than 50 points to the cash index, against 45 earlier on and brokers' 35-point estimate of fair value.

In spite of the difference between the underlying and futures market, there was little scope for arbitrageurs. The shortage of stock in the physical market meant that a profit could not be made by selling futures and buying shares.

So for the rest of the session, the futures market traded at a strong premium to the cash, but was unable to exert much influence on the stock market. March FT-SE finished at 2,156, down 25 points on the day, while its premium to the cash closed at 48 against 52.

The change in oil prices again made for an active session in BP stock options. A total of 1,552 contracts were traded, with the April 330 calls the busiest as 1,000 were sold. A cut in profit estimates for Ladbroke swelled turnover in the options to 1,237 lots. Other features included British Aerospace as Barclays de Zoete Wedd sold the May 500 puts and 550 calls. BAe traded 1,130.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*479)	420	64	82	88	1	5½	10
	460	27	51	60	4½	14	23
	500	4½	28	38	25	34	42
ASDA (*122)	110	13	18	23	1	5	7
	120	5	12	17	3½	9	12
	130	1	7	12	11	15	17
Brit. Airways (*143)	130	16	22	25	2	5	8
	140	8	16	19	3½	10	13
	160	2	6½	9½	19	20	24
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Unilever (*673)	650	35	54	72	4½	20	28
	700	6	28	43	32	46	52
Ultramar (*318)	300	25	35	47	4	12	16
	330	7	18	30	18	24	28

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Elec. Pkg. (*£1463)	1450	60	110	150	45	65	75
	1500	30	90	120	65	85	95
Eastern Elec (*136)	130	9	14	18	2½	4	6
	140	3	7½	12	6	9	11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*63)	60	8	12	13½	5	6½	8
	70	3½	7	9	12	13	14
Barclays (*350)	330	35	42	48	14	18	24
	360	16	25	31	31	33	38
Blue Circle (*204)	200	19	23	27	9	17	18
	220	8	13	18	22	29	31
British Gas (*231)	220	17	27	29	7	9	12
	240	8	15	18	16	19	23
Dixons (*141)	140	12	17	19	9	13	15
	160	4½	9	11	22	24	25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL NOTICES

ASHBOURNE LODGE PLC
T/A ASHBOURNE LODGE HOTEL
(JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, in pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above company will be held at The Grand Hotel, Colmore Row, Birmingham on Friday 18 January 1991 at 11.00 am for the purposes of having laid before it the report prepared by the Joint Administrative Receivers in accordance with the said section and, if thought fit, appointing a Committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat liability of any person who is liable on the bill antecedently to the company as a security held by him (unless that other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the meeting must lodge a written statement of their claims with us at Cork Gully, 43 Temple Row, Birmingham, B2 5JT no later than 12.00 noon on 17 January 1991. Forms of proxy are enclosed which, if intended to be used, must also be lodged with us by that time.

DATED this 4th day of January 1991

Ian N Carruthers
Joint Administrative Receiver

No: 0010250 of 1990
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
WARNER ESTATE HOLDINGS PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division dated the 17th day of December, 1990 confirming the reduction of the capital of the above named Company from £4,000,000 to £2,431,245.50 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on the 31st day of December 1990.

Dated 4th January 1991

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: RO/MER
Solicitors of the Company

NO: 0010134 of 1990
IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION
IN THE MATTER OF SIMON ENGINEERING plc
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th December 1990 confirming the cancellation of the amount standing to the credit of the Share Premium Account of the Company was registered by the Registrar of Companies on 28th December 1990.

Dated this 11th day of January 1991.

Addleshaw Sons & Latham
Dennis House,
Marsden Street
Manchester
M2 1JD
Ref: RG
Solicitors for the Company

IN THE MATTER OF TURBOT TRADING LIMITED AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113

Notice is hereby given that the creditors of the above named company which is being voluntarily wound up are required on or before the 12th day of February 1991 to send in thier full names, thier addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if you) to the undersigned Mr Anthony Haji Roussons FCCA of Julia House, *3 Themistocles Dervis Street, P O Box 1612,* Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 11th day of January 1991

A Haji Roussos FCCA
Liquidator

WELLAND DEVELOPMENTS LIMITED

Registered number: 2197868
Nature of business: Construction and Development
Trade classification: 23
Date of appointment of joint administrative receivers: 21 December 1990
Name of person appointing the joint administrative receivers: Barclays Bank Plc
JOHN FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292)
Cork Gully
Abacus House
32 Friar Lane
Leicester LE1 5RA

W S J HOMES LIMITED (Formerly Welland Homes West Limited)

Registered number: 1998519
Former company name(s),- Welland Homes West Limited
Nature of business: Construction and Development
Trade classification: 23
Date of appointment of joint administrative receivers: *21 December 1990.*
Name of person appointing the joint administrative receivers: Barclays Bank Plc
JOHN FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292)

Cork Gully
43 Temple Row
Birmingham B2 5JT

WELLAND HOMES EAST LIMITED

Registered number: 1923850
Nature of business: Construction and Development
Trade classification: 23
Date of appointment of joint administrative receivers: 21 December 1990
Name of person appointing the joint administrative receivers: Barclays Bank Plc
JOHN FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292)

Cork Gully
Abacus House
32 Friar Lane
Leicester
LE1 5RA

WELLAND PROJECTS LIMITED

Registered number: 1962184
Nature of business: Construction and Developments
Trade classification: 23
Date of appointment of joint administrative receivers: 21 December 1990
Name of person appointing the joint administrative receivers: Barclays Bank Plc
JOHN FREDERICK POWELL and DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 249 and 292)
Cork Gully
Abacus House
32 Friar Lane
Leicester LE1 5RA

CLUBS

UK COMPANY NEWS

Norton Group chief resigns

By Jane Fuller

MR PHILIPPE LE ROUX has resigned as chief executive of Norton Group, the motorcycle maker which has hit controversy because of a Department of Trade and Industry investigation and a problematic share issue to fund a German acquisition.

His departure yesterday followed his failure to pay £195,000 to the agent which purchased Norton shares on his behalf. Robert Fleming, Norton's merchant bank, said the resignation was not linked to the DTI investigation launched on Monday into Norton's activities over the past three years.

When the rights issue was announced last October, Mr Le Roux said he would take up his full entitlement.

He had been chief executive since 1986, presiding over the resurrection of the famous motorcycle marque and the acquisition of other companies to provide development cash. He will retain a consultative role, while the chief executive's post will be filled by Mr James Tildesley, non-executive chairman.

Part of the debate aroused by the 15-for-4 rights issue was that most of its £6.5m proceeds would be devoted to completing the purchase of a German fasteners maker owned by the Jersey-based subsidiary of a Tildesley family trust company. The vendor, Roybridge, was lent nearly £2m by Norton to help buy the German company in 1989, but shareholders only discovered the loan in October.

Norton's shares were suspended for a few hours yesterday *while it waited for the* final £1.5m of the rights issue funds to arrive from T C Coombs, the underwriter.

Only 11 per cent of the issue, priced at 20p, was taken up by the closing date of December 10. By last Friday enough funds had come in to complete the £8.2m German deal, but the final tranche did not arrive until yesterday.

Mr Paddy Mahon, chairman of Coombs, said: "The whole problem revolved around a significant sub-underwriter's failure to meet its commitment."

Originally £2.5m had been outstanding and Coombs still faced a bad debt of more than £1.5m. Mr Mahon would not say who the defaulter was.

He did, however, confirm that both Mr Tildesley and TCT Investments, another part of the Jersey trust company, had paid in full. This leaves TCT as the largest shareholder in Norton with 14 per cent. Mr Tildesley holds a stake of 11 per cent.

Mr Mahon added that Coombs held the sub-underwriter's Norton shares as security.

South Audley directors request liquidation

By David Barchard

SOUTH Audley Management, the small property and management services company which handled the personal interests of Mr Asil Nadir, the Polly Peck chairman, is to go into liquidation at the request of its directors.

South Audley Management was at the centre of newspaper claims last summer concerning suspicious dealings in Polly Peck shares.

These were followed on September 21 by a raid on South Audley's Mayfair offices and the collapse of Polly Peck's share price.

Mr Peter Dunn, of Latham Crossley & Davis, the insolvency specialists, is expected to be appointed as liquidator at a meeting of creditors and directors on January 30.

Notices of the meeting were sent to the company's creditors yesterday. They are believed to be relatively few and interest in the liquidation centres mainly on its links with the story of Polly Peck's collapse this autumn.

Mrs Elizabeth Forsyth, South Audley chairman and a former adviser to Mr Nadir on his personal financial affairs, was interviewed by the Serious Fraud Office on Tuesday.

Car market collapse turns First Tech red

By Andrew Bolger

FIRST TECHNOLOGY, the automotive, fire, security and safety systems group, blamed the collapse in the US and UK car markets for its results, released yesterday, which fully justified the profits warning issued in October.

The pre-tax loss of £836,000 for the six months to October 31 compared with a pre-tax profit of £3.05m in the corresponding period. Turnover fell from £20.63m to £18.19m.

There was a loss per share of 3.5p, against earnings of 13.2p. The interim dividend was cut to 1p (3p).

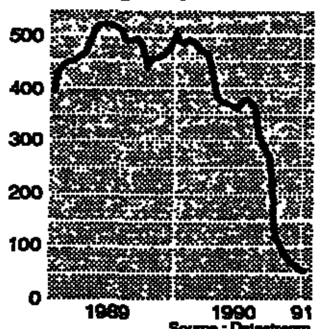
An extraordinary item of £889,000 represented closure costs of Advanced Vehicle Concepts, the automotive design business in the US.

Mr Fred Westlake, executive chairman, said that in addition to the downturn in automotive design orders, the group had suffered from the dearth of orders from the Gulf for its fire safety systems.

The automotive sensors *business had been hit by the* drop in US sales, but this had been offset by increasing business in Europe. The crash dummies business increased sales, but margins were reduced by the need to keep two manufacturing plants operating because of demand.

First Technology

Share price (pence)



Source: Datastream

● COMMENT

High hopes concerning safety dummies and high-tech sensors may have given this group an over-glamorous rating in recent years, but the shares are now beginning to look oversold. Full-year profits of £1.5m would put them on a prospective multiple of 8.7, but the slashing of design costs could easily double profits next year. At this level the shares are underpinned by a net asset value of 70p and the suspicion that the group could attract a predator.

Davies & Newman recovery gets underway via £28m sale

By Paul Betts, *Aerospace Correspondent*

DAVIES & NEWMAN, the UK airline group which controls Dan-Air, has sold for £27.5m its loss-making Dan-Air Engineering division to the UK subsidiary of FLS Industries, a Danish aircraft maintenance company.

The sale is the first *step in the recovery* programme initiated since Mr David James, the Eagle Trust chairman and energetic company doctor, took over at the helm of Davies & Newman ten weeks ago.

Mr James said yesterday that the agreement with FLS was "a very important turning point in the fortunes of Dan-Air." The disposal of the engineering unit would bring immediate financial benefits to the group, as well as simplifying its structure and enabling the new management team to concentrate on the core airline business.

Davies & Newman had received about half a dozen serious approaches for its engineering division and inquiries from more than 40 companies.

The division employs about 1,600 people and had turnover of some £78m last year, with two thirds provided from Dan-Air for the maintenance of its fleet.

Under yesterday's agreement, FLS will continue to service and maintain Dan-Air's aircraft at its former facilities for at least three years.

However, the business, based at Gatwick, Lasham and Manchester, had substantially greater capacity, Mr James said. It suffered a pre-tax loss of £400,000 in 1989, which included a credit of £1.3m from the previous year. It also lost money last year.

Mr James said the sale of the engineering unit also opened the way for Dan-Air to hold meaningful talks with potential new partners.

The agreement is subject to adjustment based on a post-completion audit to determine whether net assets on completion are higher or lower than £20.6m – the estimated net asset value of the division at the end of August.

Dan-Air will remain responsible for the division's trade debts and creditors, which are expected to show a negative balance, Mr James said.

Under the terms of the agreement, FLS has paid Davies & Newman £15m on signature with the balance due on completion.

The acquisition will enable FLS to expand substantially its existing aircraft maintenance operations in the UK.

Mr James said FLS had the financial resources to develop the Dan-Air engineering business in a way which would not have been practical for Davies & Newman.

Debt-burdened VPI goes into hands of receiver

By Maggie Urry

VPI GROUP, the public relations company, has gone into administrative receivership "largely because of the burden of indebtedness", Price Waterhouse, the receiver, said yesterday.

However, it is hoped to sell the underlying business, Valin Pollen, as a going concern and there had already been expressions of interest.

Mr Howard Lee, chief executive of Valin Pollen, said that the subsidiary was profitable in spite of the difficult market conditions for public relations companies. He expected "a swift transition to new ownership".

The subsidiary had been struggling under the burden of debt left by the collapse of VPI's US subsidiary.

VPI's problems stemmed from the disastrous acquisition of the Carter Organisation, a US investor relations firm, in 1987, for a total price of up to £71.4m.

Mr Donald Carter, former head of Carter Organisation, was last year sentenced to up to four years in jail when found guilty of grand larceny and income tax evasion.

Last November VPI was taken private through a bid from Tranwood Consortium Fund, which put £4.4m into VPI. This fund is managed by Tranwood Earl, the corporate finance subsidiary of Tranwood, the financial services group. Tranwood shares fell ¼p to 2p yesterday.

Retail slowdown and expansion costs hit Pepe

By Michiyo Nakamoto

The downturn in the UK retail industry and the high price of a rapid expansion programme overseas took their toll on Pepe Group, the UK's second largest jeans and leisure wear company, which suffered a near-halving of interim profits.

Profits in the six months to September 30 fell by 46 per cent from £6.64m to £3.57m, in spite of a 26 per cent rise in turnover from £64.32m to £81.31m.

Earnings per share declined from 14.7p to 7.9p. The company plans to maintain the dividend at 2.5p. Pepe's shares were unchanged at 83p.

Mr Joe Sinyor, chief executive, said the continuing slowdown in the UK had been a key factor behind the profits decline. Domestic sales in the first half were down by 20 per cent.

The company was also disappointed by poor returns from some overseas markets, while the high costs of starting up in new markets continued to eat into margins.

Scandinavian markets proved particularly difficult and last year the company closed its Finnish business after just over a year in operation. It is reviewing its Swedish operation.

The company foresaw "no improvement in the UK in the second half."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Beaverco §	int	nil	-	1.9	-	1.9
Dewhurst	fin	1.1	Apr 2	1*	1.7	1.47*
First Tech	int	1†	Feb 2	3	-	9
M&G Dual	fin	36.9	Feb 25	28.6	66.3	51.8
Neotronics	fin	1.6	Feb 28	1.2	2.4	1.8
Palmerston Hldgs	int	1.65☆	Mar 28	3.025	-	8.775
Pepe §	int	2.5	Apr 6	2.5	-	6.5
PWS	fin	2.2†	Apr 8	1.5	3.5	2.5
Savills	int	nil	-	1.125	-	3.75
SEP Industrial	fin	0.6☆	-	0.6	1.04	1
TSB	fin	3.25	Apr 2	2.95	6.4	5.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip alternative.

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Reshaped Beaverco in profit

By Andrew Bolger

BEAVERCO, the USM-quoted consumer and industrial products manufacturer, yesterday reported a return to profit; but the interim dividend was passed in the wake of last year's discovery of losses at its Body Sculpture subsidiary.

Mr John Lees, chairman, who owns 50.1 per cent of the equity, said the problems at Body Sculpture, a gymnasium equipment importer, had brought forward disposal plans. The group had been completely restructured in the last six months through the disposal of 16 loss-making companies.

Beaverco has sold its foam, fabric and filtration businesses and intends to focus on garden furniture and leisure, nursery products and environmental management.

Pre-tax profits were £207,000 for the six months to September 30, against a loss of £49,000 previously. Earnings per share were 1.5p (0.2p loss).

Mr Lees said all the businesses were now trading profitably. He expected the slimmed-down group would have turnover of about £32m this year, against £53m.

Although he did not plan any more disposals, he expected proceeds from further restructuring – such as the sale of properties – would further reduce gearing, currently about 100 per cent.

An extraordinary item of £823,000 covered costs associated with disposals of the loss-making companies, including Body Sculpture where a mis-statement of accounts plunged the group into the red last year and caused the share price to plunge. The shares were unchanged at 43p yesterday.

Mr Lees said Beaverco had taken legal advice and commissioned an independent audit into the situation at Body Sculpture, which he estimated had cost the group about £4.5m.

Beaverco intends to change its name to reflect its new focus and will also change its year-end to June 30.

UK COMPANY NEWS

Targets in sight for electricity companies

By Juliet Sychrava

FOUR MORE of the 12 regional electricity companies privatised last month have announced results for the six months to September 30 1990. Yesterday all four said they expected at least to meet the full-year forecasts made in their privatisation prospectuses.

However, because their supply businesses have heavy fixed costs, in the shape of the option fees they pay upfront on their electricity purchasing contracts, lower first-half sales volumes can result in a first-half loss, especially in the current cost accounts where the depreciation charge is high.

● Eastern Electricity reported a pre-tax historical cost profit of £36.3m, against a forecast for the full year of £112.4m. Current cost pre-tax profit was £8.2m, and turnover was £749.2m.

Post-tax historical cost profit was £27.9m, compared with a loss of £200,000 on a current cost basis. Eastern said it was confident it would meet its target historical cost post-tax profit of £88.5m for the year. It also expected to pay the forecast final dividend of 10.12p.

"We are convinced we'll make the forecast, but of course we hope to improve on it," said Mr Richard Leveritt, finance director.

The pro forma post-tax historical cost profit was £16.4m, with current cost accounting converting this to losses of £6.9m. These figures represent pro forma earnings of 6.1p per share and losses of 2.6p respectively.

● Manweb reported a pre-tax historical cost profit of £18.7m, compared with a forecast for the full year of £52.5m. On a current cost basis, pre-tax profit was £5.1m. Turnover totalled £379m.

Post-tax profit was £15.3m on a historical cost, and £1.7m on a current cost, basis. The pro forma post-tax profit was £10.4m (historical cost) and £800,000 (current cost) – the equivalent of pro forma earnings per share of 10.4p and 0.7p respectively.

The result was, the company said, in line with its expectations, and it reconfirmed its commitment to the 11.2p dividend forecast in the prospectus. Manweb typically expects to earn about 75 per cent of its profit in the colder second half of the year.

About 45 per cent of sales would be made in the first half, said Mr John Roberts, finance director, but, because costs are fixed, the impact of the increase in volume on the bottom line is considerable.

Underlying sales growth was, he said, encouraging. "We expected growth to be less than 1 per cent, but it is closer to 1 per cent than we anticipated."

● Midlands Electricity announced pre-tax historical cost profit of £18.3m, on a turnover of £564.6m. The result puts the company on course to meet its forecast of £91.9m profit for the full year. The company made a current cost loss before tax of £5.1m.

Post-tax historical cost profit was £14.3m (and pro forma £7.7m). This compares with a current cost loss of £9.1m (pro forma £13m). Pro forma historical cost earnings were 3.7p per share and current cost losses were 6.2p per share.

Midlands confirmed that it expected to recommend a final dividend of 10.5p.

The company expects about 60 per cent of its sales in the last half of the year, said Mr Bryan Townsend, chairman and chief executive. Both commercial and domestic sales volumes were holding up well, he said. Although the recession – specially in the construction industry – had depressed industrial sales as forecast, this had happened more slowly than expected.

● South Wales Electricity reported pre-tax historical cost profits of £14.2m for the half year, and a current cost profit before tax of £2.8m. Turnover was £258.1m.

Post-tax historical cost profit was £10.5m, compared with a current cost loss of £900,000. South Wales was confident it would meet its full-year forecast of a historical cost profit before tax of £45.9m.

Pro forma post-tax profits on an historical cost basis were £9.4m, leading to earnings of 9.3p, while current cost accounting gives post-tax losses of £1.4m and losses of 1.4p per share.

"We are comfortably ahead of where we expected to be at this time of the year," said Mr David Myring, finance director. However, he added, the privatisation prospectus forecast had to allow for a downside that could still occur in the winter period. About 55 per cent of company sales are made in the second half of the year.

South Wales announced that it expected to pay both an interim and a final dividend in future years, although this year it would pay a single dividend, like all the 12 regional companies. It made no explicit commitment to the dividend figure in the prospectus.

Clockwise from top left: Bryan Weston, James Smith, Bryan Townsend and Wynford Evans, chairmen of Manweb, Eastern, Midlands and South Wales respectively

UK COMPANY NEWS

Hobson's choice for Saatchi's shareholders

Alice Rawsthorn on a rescue package which has no apparent advantages for anyone

WHEN A company unveils a reconstruction package it usually includes some advantage somewhere for at least one class of investor. The salient feature of the reconstruction proposals announced by Saatchi & Saatchi yesterday is that there is no apparent advantage for anyone.

Under the proposals Saatchi's ordinary shareholders, who have already seen their shares collapse, face heavy dilution. The Europreference holders, who had stood to gain £211m in July 1993, and UK preference holders will end up with a mixture of new ordinary shares and preference shares without any real hope of receiving a dividend from either for at least three years.

Why then has Saatchi sprung such an apparently unpalatable package on its shareholders? And how, given that it needs the their consent to implement the package, does *it propose to persuade* those shareholders to agree?

The answer to both questions, according to Mr Robert Louis-Dreyfus, group chief executive, is that neither Saatchi, nor its shareholders, have a choice.

If the reconstruction package is accepted the company can *look forward to a financially* stable future for the first time in nearly two years. If it is rejected, Saatchi & Saatchi, once one of the stars of the UK stock market, will almost certainly go bust.

The story behind the reconstruction starts in the early 1980s when the Saatchi brothers – aided and abetted by Mr Martin Sorrell, their former finance director who now runs Saatchi's arch rival the WPP Group – began the series of audacious acquistions which turned Saatchi from a London advertising agency into one of the world's largest marketing services groups.

The problem was that the combination of all the advertising acquisitions and an ill-conceived diversification into management consulting left Saatchi with onerous debts and potentially disastrous liabilities. In short, the burden of Saatchi's financial structure threatened to drag down the whole group.

If Saatchi is to survive it must dismantle that structure. The trickiest problem of all is its puttable Europreference share issue. When the issue was launched by SG Warburg, the London merchant bank, in June 1988 *it was hailed as a feat of fashionable financial* engineering. The bond holders invested £177m in Saatchi in return for a promise of getting their money back with a 19.7 per cent bonus – making a total of £211m – on July 15 1993, *if* Saatchi's share price was lower than 441p on that *date*.

At the time neither Saatchi nor Warburg could conceive of its shares falling so low. As things have turned out it is inconceivable that the shares will be as high as 441p. Hence Saatchi, which is also lumbered with £200m of bank debt, would not be able to pay the £211m in July 1993, nor would it be able to renew its banking facilities when they expired six months earlier.

Robert Louis-Dreyfus: faces a £200,000 cut in his salary

Saatchi sees its reconstruction as a last ditch attempt to avert catastrophe in 1993. These are the proposals:

- the holders of 174m Europreference *shares will receive* three new preference shares and 16 new ordinary shares for every ten shares held.
- the holders of 100m UK preference shares are offered five new preference shares and 12 new ordinary shares for every 20 of their shares.
- Donaldson Lufkin & Jenerette, one of Saatchi's advisers on the reconstruction, will provide £20m in subordinated debt in return for a commitment fee of £350,000 and warrants for at least 4 per cent of the enlarged share capital.
- Mr Louis-Dreyfus will underwrite £5m of new equity – up to 4 per cent of the *enlarged equity – to be made* available to employees.
- a £10m open offer for existing shareholders to enable them to subscribe on the same basis as employees.
- Saatchi will ask its 19-strong banking syndicate to extend its banking facilities and to increase them by £20m.

This means that Saatchi's ordinary share capital will be increased from 160m to roughly 540m shares. Ordinary shareholders will emerge with around 30 per cent of the equity. The Saatchi brothers, *for instance, will see their 2.5* per cent holding diluted to 0.75 per cent.

The preference shareholders, including Lord Rothschild who owns 20 per cent of the Europreference shares, will hold around 62 per cent of the ordinary shares and £70m of new preference shares. However they will not be entitled to dividends on their new preference shares until December 31 1993 or until Saatchi resumes payment of its ordinary dividends.

If the reconstruction proposals are accepted Saatchi will be able to service bank debt of £200m and preference shares of £70m. This means, said Mr Charles Scott, finance director, *it will finally have a secure* and stable financial structure.

But if the worst comes to the worst and the proposals are rejected the Saatchi empire would probably be broken up in preparation for the time when its banking facilities come to an end in January 1993.

*In the meantime Mr Louis-*Dreyfus – struggling yesterday with both a broken leg and the knowledge that his salary has been cut from the £500,000 promised in his contract to £300,000 – has been left to "carry on running the business as best I can".

NEWS DIGEST

Neotronics ahead 45% to £2.71m

NEOTRONICS Technology, the Hertfordshire-based gas monitoring instrument group, lifted taxable profits by 45 per cent in the year to September 30.

The outcome – £2.71m against £1.87m – was struck after an exceptional charge of £240,000 mainly representing severance *and other costs of* the group's management restructuring.

Turnover expanded 21 per cent *to* £15.56m (£12.82m). Earnings per 5p share emerged at 6.98p (4.71p) and a proposed final dividend of 1.6p lifts the total for the year to 2.4p (1.8p).

Abbey returns to the black with I£67,000

Abbey, the Dublin-based house-building company with operations mainly in southern England, returned to profit in the six months to October 30 with I£67,000 (£61,500).

This compared with I£427,000 profit in the previous first half and a loss of I£15.84m in the year to April 30.

Turnover was lower at I£28.16m (I£40.56m).

Cassidy Brothers back in profit

Cassidy Brothers, the USM-quoted toy manufacturer, bounced back into the black in the half year to October 31, following a heavy loss in the preceding six months.

With turnover 47 per cent higher at £3.59m, pre-tax profits jumped to £458,154, compared with £25,039 for the corresponding period of 1989, and a £336,710 loss for the second half of that year.

After tax of £200,500 (£6,000) first-half earnings per 10p share were 4.77p (0.35p).

M&G Dual Trust improves to £3.81m

After-tax revenue of M&G Dual Trust improved from £2.98m to £3.81m for the 1990 year, equal to earnings of 66.33p against 51.83p per income share.

Gross revenue totalled £5.09m (£3.97m) and the tax charge £1.27m (£993,470). Asset value per capital share stood at *£19.80 (£23.84). A recommended* final dividend of 36.9p per income share makes a 66.3p (51.8p) total.

SelecTV recovers with £85,000

SelecTV, the USM-quoted production company, reported a turnround for the half year to September 30 with pre-tax profits of £85,227 compared with a loss of £182,968.

Turnover jumped to £4.26m (£13,148). Earnings per share amounted to 0.13p (0.28p losses).

Trans World expects £0.6m loss

Trans World Communications, the USM-quoted independent radio station operator and organiser of Miss World, announced that it expected a pre-tax loss of about £600,000 for the second half.

Its shares fell 2p to 87p.

Difficult trading leaves SEP lower

Pre-tax profits at SEP Industrial Holdings fell 7 per cent from £2.49m to £2.33m in the year to end-September.

Turnover for this USM-quoted distribution, manufacturing and service group rose 17 per cent to £58.32m, against £49.65m.

Earnings per share came out at 3.07p (3.8p) and the recommended final dividend is unchanged at 0.6p for a total of 1.04p (1p).

Sidney C Banks dips to £1.14m

Taxable profits of Sidney C Banks, the grain and agricultural merchant, fell from £1.23m to £1.14m in the six *months to* October 31.

Turnover expanded 33 per cent to £98.45m (£74.15m).

A maintained interim dividend of 2.5p is payable from earnings of 10p (11.6p) per share.

PWS ahead in spite of redundancy costs

In spite of a £400,000 exceptional charge for redundancies, PWS Holdings, the Lloyd's reinsurance broking group, reported pre-tax profits 42 per cent higher at £2.3m in the *year to September 30, against* £1.62m.

Total income was lower at £17.77m (£17.98m) but trading expenses and interest payable fell to £14.15m (£14.91m) and £944,000 (£1.4m). Earnings per share were 8.2p (6.1p) and a final dividend of 2.2p is proposed for a total of 3.5p (2.5p).

Savills incurs £433,000 loss

Savills, the estate agency and surveyor, swung from profits of £2.94m to losses of £433,000 pre-tax for the half-year ended October 31. Turnover fell £2m to £14.64m.

Loss per share emerged at 0.8p (earnings 5.2p) and the interim dividend is being passed – 1.125p was paid previously. The shares slipped 5p to 41p.

Bespak lifts profits 11% to £2.04m

Bespak, maker of specialised valves and other engineering components for the pharmaceuticals industry, lifted pre-tax profits for the six months to November 2 by 11 per cent from £1.83m to £2.04m.

Sales rose to £13.34m *(£11.25m). The interim dividend* is raised to 3p (2.6p) from earnings per share of 10.1p (9p).

Alexanders Holdings advances to £1.9m

In spite of difficult trading con*ditions in the second half pre-tax profits* at Alexanders Holdings, the Glasgow-based Ford main dealer, advanced from £1.8m to a record £1.9m in the year to September 30.

Turnover rose from £80.35m to £92.72m and after tax of £455,000 (£357,000) earnings came through unchanged at 3.56p per share. The dividend is maintained at 1p.

London Metal Exchange aims for further growth

By Kenneth Gooding, Mining Correspondent

AFTER RECORDING a 32 per cent increase in turnover last year, the London Metal Exchange yesterday announced important changes designed to ensure further growth. The terms of the LME's copper, aluminium and zinc contracts are to be widened to allow deals to be struck for up to 27 months ahead and the exchange will increase the range of currencies in which contracts can be traded to include Deutsche Marks and Japanese yen.

The LME already dominates world terminal market trade in base metals and these changes should enable it to increase its share of business currently conducted off the exchange.

At present LME contracts stretch out to a maximum of 15 months. Mr Martin Abbott, the exchange's director of marketing, said that much of the metal producers' risk beyond 15 months is currently being borne by brokers and that the changes would enable them to lay off that risk.

By hedging on the LME, brokers would have the comfort of operating under the clearing and guarantee system of the International Commodities Clearing House.

Judged by its turnover, the LME had a very successful year in 1990. Total futures and options turnovers rose by 32 per cent from the 1989 level to 13.35m lots from 10.08m. (A lot is the minimum amount of a commodity in which one can deal.)

However, the exchange estimates that in money terms its

Turnover increases (per cent)

contract	futures	options
copper	27.93	262.78
aluminium	38.42	136.93
zinc	7.77	102.16
lead	5.86	980.77
nickel	18.94	634.49
tin	179.60	
all contracts	28.57	181.04

turnover fell by nearly 10 per cent, from $665bn to $600bn, mainly reflecting lower metal prices in 1990 compared with the previous year.

Also the number of ring dealing members fell sharply last year – by four to 16 – amid complaints that costs were too high and commissions too low. Two of the trading houses that withdrew from the ring last year did so in special circumstances: Drexel Burnham Lambert because its US parent went bankrupt, and Anglo Chemical Metals because its US parent, Salomon, was slimming down the international trading operations of its Philipps Brothers subsidiary.

Entores, ultimately owned by the Imetal group of France, and Lazmet, part of Trans-World Metals, also stopped ring trading.

Mr John Wolff, chairman of the LME, suggested this was all part of a "fewer but stronger" trend noticeable in many industrial sectors and which had been going on for several years. "It is much better to have 16 strong members than 25 if some of the 25 are shaky."

Mr Abbott insisted that there were enough counterparties around the ring to ensure lively trading and enough business to support those members.

The LME also announced yesterday that MetChin, part of the Hofibel copper refining group, had been accepted as a new ring dealing member.

The exchange said that from June 1 contracts for copper, aluminium and zinc, the three most heavily-traded metals, could be traded up to 27 months forward instead of the current 15 months. Those for nickel, lead and tin remained unchanged. Options trading also remained linked with the 15-month period for all metals.

Some members had been pressing for aluminium and copper contracts to be traded up to 39 months forward and for the other metals to go out to 27 months but the exchange is obviously taking one step at a time into the unknown. If there is enough liquidity, further changes would probably be considered.

Also from June 1 cleared contracts can be denominated in Deutsch Marks and Japanese yen as well as in the currencies currently used: the US dollar and the pound sterling. However, dollars and pounds will continue to be the only currencies quoted in ring dealing sessions. It is from these sessions that the LME's official prices – used as reference points for the vast majority of metals contracts signed around the world – are derived.

Colombian coffee exports at record level

By Sarita Kendall in Bogota

COLOMBIA'S 1990 coffee exports reached a record figure of 13.9m bags (60 kg each), more than offsetting the drop in world prices caused by the suspension of the International Coffee Agreement's export quota system. Forecasts for 1991, based on a 1990-1991 production figure of 14m bags, suggests that the country, the second biggest coffee grower after Brazil, will be able to keep exports over 13m bags and maintain earnings close to the traditional level of $1.4bn to $1.5bn a year.

However, Colombia reduced its stock by well over 1m bags during 1990, finishing the year with about 6.6m bags.

The first few months of the 1990-91 coffee harvest have been encouraging, but with a domestic consumption averaging about 1.5m bags, exporters will have to continue drawing on coffee stocks to maintain such a high volume of foreign sales.

Thanks to the financial strength of the National Coffee Fund the real price paid to farmers has remained steady. But the fund – built up in more prosperous times – has lost nearly $200m in the last year.

The coffee authorities are concerned that the growers' price should keep up with inflation so that the use of fertiliser and other inputs is not affected. At the same, the government's anti-inflation drive is aiming to keep as much money out of circulation as possible.

Provided that coffee remains profitable and there are no climactic disasters, production is expected to rise to about 16m bags in two years. Recent improvements to plantations, the introduction of new rust-resistant varieties and denser planting will contribute to higher yields. Although costs are relatively high compared with other countries the premium paid for quality Colombian coffee has compensated for this, says Mr Roberto Junguito of the Association of Private Exporters, allowing the country to weather the quota-free period very successfully.

Coffee now contributes less than a third of Colombia's export income, and the 1990 earnings figure of $1410m was only slightly up on 1989, a relatively poor year. The Coffee Growers' Federation's aggressive marketing policies have been helped by export opportunities in eastern Europe, as well as Brazil's poor harvest. But the outlook for 1991 is clouded by the impact of higher oil prices and signs of recession in consuming countries, the federation warns.

Demand picks up at wool sales

By Kevin Brown in Sydney

THE AUSTRALIAN Wool Corporation, the national marketing organisation, sold 72 per cent of wool offered for sale at auctions yesterday, raising hopes that a two year slump in demand is coming to an end.

The corporation said the auctions confirmed a trend which started on Tuesday at the first auctions of the New Year, when buyers purchased 64 per cent of wool offered in Sydney, and 74 per cent in Adelaide.

The figures mark a strong recovery from the second half of 1990, when the corporation was able to sell an average of only 41 per cent of wool offered for sale.

However, the increased demand had little effect on the average price, which moved up by 1 cent to A$7.08, 8 cents above the floor price that triggers intervention by the corporation for stockpiling.

Mr Vincent Matthews, a wool corporation official, said the increased demand was largely caused by the return to the market of buyers of fine apparel wool for the Japanese textile industry.

Mr Matthews said the Japanese had re-entered the market because of a run-down in stocks held in Japan. Buyers also seemed to have accepted assurances from the Australian government that the floor price would not be allowed to fall below A$7.

The Soviet Union, a major purchaser of Australian wool until last April, has repaid A$88m in debts relating to wool delivered last year, but has not yet re-entered the market.

A Soviet delegation is expected to visit Australia at the end of next week to open negotiations on terms for a return to the market for wool and other commodities with the aid of a A$400m line of credit from the Australian government.

"We expected that the amount of wool we have to buy-in would fall to below 30 per cent in the first week of the New Year, and it is very encouraging that it has turned out that way," said Mr Matthews.

"If we can maintain the buying-in rate below 30 per cent that would be in line with the corporation's business plan, and would allow us to keep within our borrowing limit of A$2.5bn set by the government.

"Next week's sales will be very significant because they will show whether the improvement can be sustained. But we are very encouraged by this week's sales."

Australian exports of wool were worth A$5.9bn in 1988-89, but declined to A$3.8bn last year and are expected to fall to A$2.7bn this year, according to the Australian Bureau of Agricultural and Resource Economics. The wool corporation has built up a stock of 4.4m bales of bought-in wool following the slump in demand, which coincided with soaring production. The industry recently imposed quotas and announced plans to shoot up to 20m sheep to help reduce production.

● Mr John Kerin, Primary Industries Minister, yesterday called in the Saudi ambassador to Australia to warn that live sheep exports to Saudi Arabia might have to be stopped unless a quarantine and veterinary agreement was reached.

Mr Kerin said he had told the ambassador: "I do not see how the live sheep trade from Australia can be allowed to continue" in the absence of an agreement.

His action reflects growing concern among ministers over the future of the live sheep trade, which has been repeatedly disrupted over the last two years by the rejection of shipments on health grounds.

California's white Christmas nightmare

The yule-tide freeze may cost growers $1bn, writes Louise Kehoe

A CALIFORNIAN white Christmas dream turned into a New Year's nightmare for the state's fruit and vegetable growers this holiday season, when record cold temperatures and heavy frosts caused widespread damage to fruit and vegetable crops.

The state's agricultural industries are expected to suffer losses of over $1bn this year because of the freeze, according to state economists. Of even greater concern in the longer term is the chilling effect that this winter weather may have upon growth in the state's $17.5bn agricultural industry, which is already threatened by a four year drought.

Citrus groves suffered the most damage. Preliminary estimates are that half of the state's $700m citrus crop may have been destroyed by the frigid temperatures, according to the California Department of Food and Agriculture.

Although about 20 per cent of the $248m navel orange crop was harvested before the freeze, virtually all of the fruit remaining on the trees was damaged and much of it destroyed, wiping out the US's primary domestic supply of fresh oranges. California's navel orange crop is sold mainly as fresh fruit. Only a small portion can be salvaged by processing because the juice is bitter and there are only a limited number of processing facilities in California. The bulk of US juice oranges are grown in Florida.

An estimated 25 per cent of the state's $190m lemon crop has also been destroyed. Lemons are particularly susceptible to frost because they contain less sugar, which acts as an anti-freeze in most fruits. Tangerines were also damaged but most of the state's grapefruit appears to have been spared, according to the California Farm Bureau Federation.

About 20 per cent of the state's avocados also have been damaged, according to initial reports. However, the California Avocado Commission said the total crop, valued at $200m last year, has grown and shortages are unlikely.

The freeze has not, however, affected some of California's biggest agricultural industries – grapes, nuts, and summer fruits, which are unaffected by cold winter temperatures.

Indeed, the record low temperatures will help to eradicate insects that attack these crops, according to state officials.

The immediate impact of the freeze has been a dramatic rise in fruit and vegetable prices. Oranges that sold for less than 60 cents a lb in Californian grocery stores before the freeze have doubled in price. Green vegetables have become scarce and very expensive. Broccoli, for example, has jumped from around 70 cents a bunch to $1.30.

Growers who have already written off their current crops are, however, anxiously monitoring the health of frost-bitten fruit trees. A major focus of concern is the 1991 valencia orange crop. Although this fruit will not be picked until next March, growers are worried about the effect of cold on developing fruit and fruit wood. The $190 million harvest is jeopardised by the freeze which has frozen many of the tender tips of the branches where the fruit grows.

While the freeze represents one of the worst setbacks in the history of the Californian agricultural industry, it may be only a prelude of still harder times to come for the state's growers.

Faced with the prospect of a fifth successive year of drought, California's farmers are under increasing pressure to cut back on their use of water for irrigation, which currently accounts for 80 per cent of the state's water consumption.

The combined effects of a severe winter and the drought could force significant changes in California's agriculture industry, accelerating the trend toward more intensive management of higher-value fruit and vegetable crops, industry experts predict.

March launch for arabica coffee futures

By David Blackwell

AN ARABICA coffee contract is to be launched on screen by the London Futures and Options Exchange (Fox) on March 1.

At the same time, the exchange will switch trading in its existing robusta contract from sterling to dollars. New York and New Orleans will be included as tender ports for the dollar robusta contract.

The exchange has been planning an arabica coffee contract for some time. Consumption trends are increasingly favouring arabicas at the expense of robusta coffees.

New York has a thriving open outcry arabica coffee contract. One trader said yesterday that the switch to dollar trading in London robustas would make it much easier to trade the spread between arabicas and robustas.

Today sees the start of raw sugar trading on Fox screens.

Aluminium stocks near 2-year low in November

By Kenneth Gooding

ALUMINIUM STOCKS fell to their lowest level for nearly two years in November, according to the International Primary Aluminium Institute.

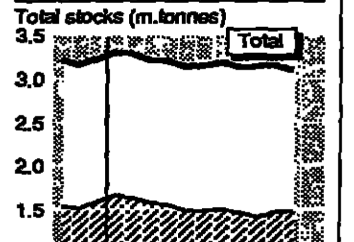
The figures seem to confirm that the huge rise in London Metal Exchange stocks in November – when they rose by 142,100 tonnes, the biggest increase ever recorded – was mainly caused by a technical squeeze which boosted the price of aluminium for immediate delivery and was not because producers were creating a surplus.

The IPAI reported that producer stocks of the metal rose by 1,000 tonnes to 1.48m tonnes. However, other stocks showed a fall of 48,000 tonnes to 1.618m tonnes so that total stocks were down to 3.098m tonnes.

Mr Nick Moore, analyst at Ord Minnett, pointed out that the stocks fall was even more significant because in November IPAI members produced at a record rate of 39,430 tonnes a day, enough to generate 1.183m tonnes of metal. He thought LME stocks might now be eroded from the present 328,975 tonnes, the highest level since the contract was launched in 1978, as consumers re-stocked.

Aluminium

Total stocks (m.tonnes)



Brazil adopts 'wait and see' sugar export policy

By Victoria Griffith in Sao Paulo

NO FURTHER Brazilian sugar exports are likely to be authorised until next month at the earliest, Mr Pedro Roberio of the Secretariat for Regional Development said yesterday. Earlier this week he predicted that this year's total sugar exports would be 790,000 tonnes, although initial authorisation has been given for 900,000 tonnes.

Mr Roberio explained yesterday that there were two stages to the authorisation of sugar exports. "First, initial authorisation is granted for export. Then, authorisation is given for the actual departure of the sugar from Brazil. Authorisation will not be granted at the second stage unless internal demand is satisfied."

"Authorised shipments will depend on market conditions here." Mr Roberio continued. "It is possible that recession will reduce demand for alcohol further, thereby freeing sugar for exports." Many Brazilian cars run on alcohol derived from sugar.

Brazilian sugar traders believe that sugar exports could be as high as 1.3m tonnes this year and Mr Luiz Bertelli, director of the Association of Sugar and Alcohol Industries, estimates exports of 1.1m tonnes.

● In London, the Brazilian ambassador, Mr Paulo Tarso Flecha de Lima, said Brazil would not be pulling out of the International Cocoa Organisation, as was suggested by an official at the Ministry of the Economy in Brasilia earlier this week. The ICCO has been moribund since 1989, when its price stabilising buffer stock buying system was suspended. Brazil, in common with other producers, had not been paying over ICCO export duties for the three preceding years.

WORLD COMMODITIES PRICES

MARKET REPORT

THE THREAT of a Gulf war pushed the gold price higher in nervous trading yesterday as dealers covered short positions following Wednesday's decline. "No one wants to be short of gold over the weekend in case the situation in the Gulf deteriorates," one dealer explained. Platinum and silver prices rose in sympathy with gold, although war would probably be bearish for these basically industrial metals because of its implications for the world economy. At the London Futures and Options Exchange a rise in dry cargo freight futures prices was also influenced by Gulf fears, but the main reason for the sharp gains was talk that the Soviet Union had secured vessels to lift grain from the US after the recent granting of farm export credits. The February position, which had risen by 50 points on Tuesday and fallen 35 points on Wednesday, finished up the daily 50-point at 1,480. "As far as the Soviets are concerned, it's still only just talk, nothing is confirmed," one dealer commented. "February should go higher but we are in resistance areas, it's probably a matter of buying February and selling April, but it's fairly choppy."

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$22.35-2.65x	+3.77
Brent Blend (dated)	$26.55-6.70	+3.97
Brent Blend (February)	$26.40-6.60	+3.97
W.T.I. (1 pm est)	$28.20-8.30t	+5.75
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$282-286	+30.5
Gas Oil	$269-271	+33
Heavy Fuel Oil	$140-142	+11
Naphtha	$279-284	+33.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$390.25	+4.15
Silver (per troy oz)♣	413.85c	+5.35
Platinum (per troy oz)	$414.27	+1.75
Palladium (per troy oz)	$87.15	+0.40
Aluminium (free market)	$1535	
Copper (US Producer)	119.5c	-0.5
Lead (US Producer)	50c	
Nickel (free market)	400c	-5
Tin (Kuala Lumpur market)	15.10r	-0.09
Tin (New York)	262c	-1
Zinc (US Prime Western)	70c	
Cattle (live weight)†	109.84p	+1.23*
Sheep (dead weight)†	145.74p	+3.11*
Pigs (live weight)†	77.29p	+1.13*
London daily sugar (raw)	$222.0z	-1.0
London daily sugar (white)	$292.5z	-0.7
Tate and Lyle export price	£223.5	-1.0
Barley (English feed)	120.0w	-1.0
Maize (US No. 3 yellow)	£164.5	+1.5
Wheat (US Dark Northern)	£87.0	
Rubber (Feb)♥	50.75p	-0.25
Rubber (Mar)♥	51.00p	-0.25
Rubber (KL RSS No 1 Jan)	236.5m	-1.0
Coconut oil (Philippines)§	365.0w	
Palm Oil (Malaysian)§	350.0	
Copra (Philippines)§	$245.0x	
Soyabeans (US)	£137.5	
Cotton "A" index	82.80c	-0.15
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	197.60	201.00	201.00 196.60
May	201.80	204.80	203.40 200.80
Aug	207.60	212.00	210.40 209.00
Oct	207.00	212.00	209.00 207.60
Dec	215.00	215.00	208.00
Mar	208.20	213.00	210.00
May	210.00	213.00	210.00
White	**Close**	**Previous**	**High/Low**
Mar	291.0	292.0	293.0 290.0
May	289.8	291.0	291.2 288.5
Aug	299.0	300.0	299.8 294.8
Oct	274.0	275.5	274.9 273.4
Dec	270.0	274.0	270.0 270.0

Turnover: Raw 1859 (964) lots of 50 tonnes. White 685 (2445)
Paris- White (FFr per tonne): Mar 1522, May 1520, Aug 1580, Oct 1455.

CRUDE OIL – IPE ($/barrel)

	Close	Previous	High/Low
Feb	26.40	26.15	27.00 26.00
Mar	25.75	25.66	26.30 25.40
Apr	24.95	24.50	25.60 24.90
May	24.35	24.00	24.50 24.20
IPE Index	26.51	26.41	26.41 25.51

Turnover 6125 (11625)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Jan	268.00	237.75	277.50 264.50
Feb	251.00	220.75	256.50 244.50
Mar	237.50	208.00	240.00 232.00
Apr	220.00	199.00	227.00 220.00
May	218.00	194.50	223.00 215.00
Jun	219.00	192.50	220.00 218.00
Jul	216.00	193.00	216.00

Turnover 18573 (18233) lots of 100 tonnes

FRUIT & VEGETABLES
Juicy red and white varieties of grapefruit are this week's best buy. Oranges at 5-28p each (5-28p) are bursting with vitamin C. Bannanas at 40-60p a lb (40-60p). White and red cabbage varieties at 20-30p a lb (20-30p) a lb. cauliflower at 45-80p each (55-75p) and potatoes at 8-14p a lb (8-14p). Brussel sprout at 25p-40p a lb (25-40p) are still superb value. Chinese leaves ay 65p £1.20 (65p-£1.20) remains a great salad buy along with spring onions at 35p-50p a bunch (35-50p.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	661	647	663 647
May	693	679	693 680
Jul	724	708	723 710
Sep	753	738	751 739
Dec	783	768	783 769
Mar	805	793	805 793

Turnover: 8094 (4543) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 9 865.32 (868.92) 10 day average for Jan 10 872.83 (874.66)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jan	608	596	608 597
Mar	585	580	586 579
May	590	588	592 585
Jul	604	603	606 600
Sep	616	617	620 614
Nov	629	634	635 632
Jan	644	649	650 644

Turnover: 1571 (2769) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 9: Comp. daily 71.40 (71.54). 15 day average 71.69 (72.95)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	128.6	128.9	128.0 128.0
May	146.0	148.5	147.1 144.5

Turnover 191 (76) lots of 40 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Feb	113.00	113.00	113.00
Apr	116.00	114.00	116.00
Jun	116.00	114.50	116.00
Oct	119.00	117.50	119.00

Turnover 205 (350)lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Jan	1460	1443	1460 1450
Feb	1480	1430	1485 1440
Apr	1360	1338	1365 1340
Jul	1060		1060
BFI	1432	1433	1432

Turnover 297 (319)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Jan	118.60	118.95	118.60
Mar	121.90	122.40	122.10 121.90
May	126.40	125.90	125.65 125.40
Jun	127.25	127.55	127.30
Nov	111.90	111.90	111.90
Barley	**Close**	**Previous**	**High/Low**
Mar	115.40	115.90	115.20 115.00
May	117.00	117.40	117.20 116.50
Nov	106.90		106.90

Turnover: Wheat 287 (149), Barley 53 (50). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	93.5	94.0	94.5 94.0
Feb	94.0	94.5	94.0
Apr	97.5		97.5
Sep	99.0		98.5

Turnover: 29 (25) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 11,230 lots	
Cash	1525-7	1542-5	1535/1533	1533-4		
3 months	1557-8	1573-5	1567/1557	1564-5	1558-60	52,609 lots
Copper, Grade A (£ per tonne)					Total daily turnover 8,618 lots	
Cash	1314-6	1317-8	1316/1305	1311-2		
3 months	1338-9	1340.5-1.5	1340/1327	1334-5	1338-9	102,981 lots
Lead (£ per tonne)					Total daily turnover 1,289 lots	
Cash	314-6	315-7	314.50	314-4.5		
3 months	329.75-330	330-0.5	331/328.25	329.75-30	329.5-30.5	11,069 lots
Nickel ($ per tonne)					Total daily turnover 1,386 lots	
Cash	8875-8925	8700-50	8775	8775-8800		
3 months	8800-25	8650-700	8825/8600	8700-10	8800-25	8,026 lots
Tin ($ per tonne)					Total daily turnover 1,268 lots	
Cash	5625-35	5620-30	5600	5600-10		
3 months	5735-40	5735-40	5760/5680	5705-20	5750-60	6,908 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 2,734 lots	
Cash	1261-3	1265-70	1260/1258	1259-60		
3 months	1258-60	1262-4	1262/1253	1257-8	1259-60	17,384 lots

LME Closing £/$ rate: SPOT: 1.9060 3 months: 1.8764 6 months: 1.8502 9 months: 1.8302

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	159.10	160.20	159.10		
Feb	159.70	161.20	159.70		87
Mar	161.00	161.80	161.00	160.70	70
Jun	159.70	160.30	159.70		133
Sep	160.30	160.50	160.30		133
Dec	158.50	158.70	158.50		87

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	390.00-390.50	
Opening	387.00-387.50	
Morning fix	388.50	203.212
Afternoon fix	390.55	204.476
Day's high	391.00-391.50	
Day's low	386.50-387.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.91	6 months	5.44
2 months	5.61	12 months	5.25
3 months	5.54		

Silver fix	p/fine oz	US cts equiv
Spot	216.70	413.85
3 months	224.05	421.35
6 months	230.95	426.80
12 months	244.05	443.85

TRADED OPTIONS

Coffee	Mar	May	Mar	May
550	43	52	9	12
600	15	24	30	34
650	4	10	69	70
Cocoa	**Mar**	**May**	**Mar**	**May**
600	67	102	7	10
650	34	66	24	24
700	15	39	55	47
Brent Grade	**Feb**	**Mar**	**Feb**	**Mar**
2500	270	495	100	330
2550				
2600	380	420	100	380

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	390.4	391.2	0	0
Feb	392.1	393.0	393.5	390.6
Mar	393.5	394.4	392.5	392.5
Apr	395.2	396.1	396.5	393.0
Jun	398.8	399.6	399.5	397.7
Aug	402.2	402.9	0	0
Oct	405.7	406.4	406.2	405.5
Dec	409.3	410.0	410.0	409.0
Feb	413.1	413.8	412.0	412.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	412.3	408.4	416.5	409.0
Apr	416.8	412.8	420.0	413.0
Jul	420.6	417.2	423.6	417.0
Oct	424.3	421.4	0	0
Jan	429.1	426.2	433.0	433.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	409.9	412.7	411.0	411.0
Feb	411.8	414.8	0	0
Mar	414.5	417.5	422.0	413.5
May	420.2	423.2	427.0	419.0
Jul	425.8	428.7	432.5	424.5
Sep	431.3	434.4	0	0
Dec	439.3	442.3	445.0	441.0
Jan	441.4	444.4	0	0
Mar	447.9	450.8	0	0
May	453.8	456.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	114.45	114.40	114.80	114.15
Feb	114.10	114.30	114.40	113.60
Mar	113.10	113.45	113.80	112.50
Apr	111.60	111.95	112.40	111.30
May	110.20	110.40	111.20	109.90
Jun	109.30	109.10	109.50	109.30
Jul	108.45	108.30	109.10	108.00
Aug	107.70	107.40	0	0
Sep	106.95	106.60	107.80	106.20
Oct	106.25	105.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	27.95	27.26	28.90	27.70
Mar	26.90	26.61	27.75	26.70
Apr	26.10	25.77	26.70	25.75
May	25.20	24.97	25.80	24.90
Jun	24.45	24.27	25.00	24.15
Jul	23.71	23.71	24.36	23.50
Aug	22.90	23.27	23.80	22.90
Sep	23.30	22.97	23.45	22.90
Oct	23.00	22.77	23.20	22.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	7800	7709	8050	7700
Mar	7500	7459	7710	7380
Apr	7110	7109	7280	6990
May	6775	6784	6950	6760
Jun	6515	6539	6700	6500
Jul	6400	6459	6600	6375
Aug	6590	6479	6580	6525
Oct	6700	6649	6800	6700
Nov	8700	8729	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1186	1137	1190	1137
May	1219	1177	1225	1177
Jul	1255	1215	1265	1215
Sep	1300	1257	1300	1265
Dec	1330	1298	1335	1307
Mar	1379	1336	1374	1346
May	1407	1366	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	89.95	90.15	90.75	89.10
May	92.35	92.50	93.00	91.50
Jul	94.60	94.80	94.75	93.75
Sep	96.75	96.80	96.95	96.00
Dec	99.65	99.60	99.50	99.00
Mar	101.50	100.75	0	0
May	103.00	102.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.97	9.15	9.10	8.95
May	9.06	9.22	9.18	9.06
Jul	9.11	9.28	9.24	9.10
Oct	9.15	9.32	9.28	9.13
Mar	9.25	9.43	9.32	9.25
May	9.26	9.47	9.35	9.35

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	75.87	75.47	75.90	75.42
May	74.13	73.97	74.40	73.85
Jul	73.48	73.52	73.80	73.45
Oct	66.81	66.86	66.90	66.81
Dec	63.90	63.90	63.95	63.85
Mar	64.75	64.75	0	0
May	65.33	65.15	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	114.50	113.85	116.50	114.00
Mar	113.05	111.90	113.75	111.50
May	113.50	112.65	114.25	112.50
Jul	114.20	113.40	114.50	113.75
Sep	114.75	114.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 10	Jan 9	mnth ago	yr ago
1695.3	1698.7	1720.8	1811.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan.9	Jan.8	mnth ago	yr ago
Spot	123.33	123.66	123.60	140.28
Futures	126.74	126.86	125.95	143.57

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	560/2	565/6	560/4	556/2
Mar	569/6	566/4	570/4	566/4
May	583/2	580/6	583/6	580/0
Jul	596/0	592/6	596/4	593/0
Aug	598/0	595/0	599/0	597/0
Sep	599/4	596/4	599/4	597/0
Nov	604/6	602/4	604/6	602/0
Jan	616/0	614/0	616/4	616/0
Mar	628/0	626/0	628/0	627/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.67	20.13	20.68	20.20
Mar	20.86	20.34	20.90	20.40
May	21.19	20.77	21.20	20.80
Jul	21.49	21.06	21.50	21.10
Aug	21.40	21.12	21.40	21.18
Sep	21.45	21.20	21.45	21.30
Oct	21.45	21.22	21.45	21.25
Dec	21.52	21.37	21.55	21.35
Jan	21.22	21.20	0	0
Mar	21.22	21.20	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	164.2	165.4	165.5	164.0
Mar	168.6	169.3	169.7	168.2
May	172.7	173.2	174.0	172.3
Jul	177.0	177.5	178.0	176.6
Aug	178.5	178.2	179.0	178.5
Sep	178.5	178.6	179.5	178.5
Oct	179.0	179.0	179.5	179.0
Dec	181.5	181.5	181.5	181.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	232/4	231/6	232/6	231/2
May	239/0	238/4	239/2	238/0
Jul	245/2	244/6	245/4	244/0
Sep	247/0	246/4	247/2	245/6
Dec	249/0	248/0	250/0	248/6
Mar	256/0	254/6	256/0	254/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	255/4	253/6	255/6	253/6
May	264/0	262/6	264/4	263/0
Jul	271/0	270/4	272/0	270/0
Sep	278/0	276/2	278/4	277/4
Dec	290/4	290/0	290/4	289/0
Mar	297/0	296/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.37	78.70	78.92	78.35
Apr	75.55	75.90	76.20	75.50
Jun	73.70	73.95	74.20	73.65
Aug	73.07	72.97	73.30	73.00
Oct	73.07	72.97	73.30	73.02
Dec	73.42	73.60	73.82	73.42

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	51.10	51.40	51.80	51.05
Apr	49.75	49.57	50.27	49.40
Jun	54.72	54.37	55.05	54.10
Jul	54.55	54.20	54.70	54.15
Aug	51.95	52.10	52.50	51.90
Oct	47.25	47.62	47.85	47.20
Dec	48.10	48.47	48.10	48.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	69.55	70.50	70.55	69.15
Mar	69.87	69.65	69.95	68.65
May	69.17	69.90	69.95	68.75
Jul	68.50	69.35	69.40	68.10
Aug	65.90	66.90	67.35	65.62
Feb	61.10	0	61.10	61.10
Mar	61.00	0	61.00	61.00

LONDON STOCK EXCHANGE

Share prices give back "peace" gains

THE EXPECTED reversal in London share prices prompted by the collapse of the Gulf crisis talks in Geneva proved less dramatic than feared yesterday.

The UK market was heartened by the calm reception in the Tokyo stock market for the news, announced after London closed on Wednesday, that the Gulf talks had brought no agreement between Mr James Baker, US secretary of state, and Mr Tariq Aziz, the Iraqi foreign minister. The collapse of the Geneva talks leaves London investors to focus on prospects for Saturday's visit to Baghdad by Sr Perez de Cuellar, the UN secretary general.

The stock market opened about 20 FT-SE points off but lost no further ground during the session. At the end of the day, traders commented that the FT-SE 2,100 area had again proved a support level and that selling pressure had been light. Equities were sustained to some degree by the relatively stable performances by both sterling and Brent North Sea crude oil prices.

Most of the share losses represented little more than corrections of gains achieved in the previous session, when the stock market took a mistakenly optimistic view of progress at the meeting in Geneva.

Account Dealing Dates		
*First Dealings:		
Dec 31	Jan 14	Jan 28
Option Declarations:		
Jan 10	Jan 24	Feb 7
Last Dealings:		
Jan 11	Jan 25	Feb 8
Account Day:		
Jan 21	Feb 4	Feb 18

*New-time dealings may take place from 8.30 am two business days earlier.

Upset also by a new batch of corporate profits downgradings for leading companies by brokerage analysts, the market quickly dipped by more than 25 Footsie points to 2,103.6 yesterday morning. Selling orders were relatively few, however. "Perhaps three quarters of the fall consisted of share price mark-downs by marketmakers," observed one seasoned trader.

At this level, within sight of the Footsie 2,100 mark which had formerly been identified as a buying level for the big investment funds, the market held its breath; the funds duly made their appearance, although not on any great scale.

The market rallied and moved narrowly for the rest of the day, with London sensing that Wall Street would be in better heart in the new session. In the event, the Dow moved uncertainly before showing a gain of 10.15 as the UK market closed. The final reading left the FT-SE Index at 2,108.7, a net loss of 20.2 points on the session.

Seaq volume totalled 375m shares, compared with 405.9m on the previous day. Across the broad range of equities, turnover was unexciting, with BP recording only 2.6m shares and British Gas a mere 2.8m despite the focus on energy stocks which has been generated by the Gulf crisis.

The profits downgrades from brokers, although involving such stocks as ICI, Smiths Industries, Ladbroke and Pearson, owner of the Financial Times, confirmed rather than altered the investment view of the corporate outlook.

● Daily retail business in equities has fallen away since the Gulf crisis and, despite some recovery since Christmas, remains well below daily average totals for 1990.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover

FINANCIAL TIMES STOCK INDICES

	Jan 10	Jan 9	Jan 8	Jan 7	Jan 4	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	83.31	83.39	83.12	82.98	82.86	82.94	84.20 (2/1/90)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.09	91.05	90.97	90.93	90.91	92.55	92.91 (8/1/90)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1650.3	1668.5	1638.9	1647.8	1659.5	1940.5	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	172.2	170.2	174.9	167.6	157.8	337.8	378.5 (6/2/90)	136.2 (18/12/90)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2108.7	2128.9	2099.9	2113.3	2126.1	2417.9	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	928.73	941.77	918.79◆	925.46	947.24◆	-	1003.35 (6/12/90)	918.79 (8/1/91)	1003.35 (6/12/90)	918.79 (8/1/91)
Ord. Div. Yield	5.81	5.76	5.86	5.81	5.79	4.40				
Earning Yld %(full)	12.11	11.99	12.19	12.11	12.03	10.72				
P/E Ratio(Net)(☆)	9.98	10.06	9.92	9.98	10.04	11.29				
SEAQ Bargns 4.45pm	31,641	30,058	30,982	31,564	31,834	32,618				
Equity Turnover(£m)†	-	852.50	601.75	518.58	654.27	1184.83				
Equity Bargains†	-	30,762	31,390	32,748	32,074	32,860				
Shares Traded (ml)†	-	357.8	325.1	256.3	284.6	502.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 9.82 ◆-Indicative.

Ordinary Share Index, Hourly changes Day's High 1654.9 Day's Low 1645.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1648.8	1645.9	1652.0	1651.6	1648.7	1650.4	1650.4	1650.1	1650.7

FT-SE, Hourly changes Day's High 2114.3 Day's Low 2103.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2109.3	2105.3	2111.0	2110.4	2107.9	2109.8	2109.7	2109.5	2109.4

FT-SE Eurotrack 100, hourly changes Day's High 932.79 Day's Low 926.35

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
926.51	926.52	929.54	929.88	930.43	931.86	930.19

GILT EDGED ACTIVITY

Indices*	Jan 10	Jan 8
Gilt Edged Bargains	99.3	102.3
5–Day average	94.1	85.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	534	101	-3	Dixons	3,800	141	-5	Manweb	1,100	188	-3	Smith (W H) A	1,000	384	-4
ASDA Group	8,100	121½	-2½	ECC Group	798	365	-2	Marks & Spencer	1,500	225	-4	Smith & Nephew	1,800	102½	
Abbey National	2,000	223	-2	Eastern Elect.	3,400	136	-3	Maxwell Comms.	113	150	-1	SmKl Beecham	2,300	608	-4½
Allied-Lyons	917	479	-11	East Midland Elect.	2,000	148½	-½	Midland Bank	1,100	175	-4	SmKl Beecham Uts.	188	2610	-3
Amstrad	995	54	-1	Enterprise Oil	1,300	581	-7	Midlands Elect.	3,200	139½	-2½	Smiths Inds.	298	218	-6
Anglian Water	164	288		Eurotunnel Units	257	372	-3	NatWest Bank	698	270		Southern Elect.	9,100	142½	-1½
Argos	360	249	-1	FKI	491	44	-1½	Next	2,800	15½		South Wales Elect.	1,100	157	-3
Argyll Group	822	242	-2	Ferranti	435	14½		North West Water	1,300	267		South West Water	211	262	-1
Ass. Brit. Foods	159	443		Fisons	894	368	-3	Northern Elect.	1,300	145	-1	South West. Elect.	1,000	141	-1
BAA	474	387	-9	Gen. Accident	694	478	-5	Northern Foods	419	353		Southern Water	133	243	-2
BAT Inds.	1,100	586	-5	General Elect.	2,800	172	-1	Northumbrian Water	17	278	-1	Standard Chartd.	709	226	-14
BET	945	171	-2	Glaxo	987	819	-9	Norweb	2,700	146	-1	Storehouse	605	106	
BICC	372	342	+4	Glynwed Int.	328	205	-4	Pearson	520	644	-16	Sun Alliance	708	317	-7
BOC	564	478	-2	Granada	585	170	-2	P & O	955	509	-3	Sun Life	4	1045	-13
BPB Inds.	426	187	-1	Grand Met.	2,000	689	-8	Pilkington	922	187	-3	T&N	509	150	-3
BTR	2,200	316	-6	GUS A	179	1056	-16	Prudential	1,500	197		TI Group	356	392	-5
Bank of Scotland	1,000	117		GRE	1,800	186	-7	RHM	387	300	-3	TSB	2,800	132	-1
Barclays	1,000	350	-4	GKN	249	324	-2	RMC	438	615	-4	Tarmac	1,700	224	-9
Bass	651	1048	-11	Guinness	651	783	-7	RTZ	525	422	-8	Tate & Lyle	49	270	
Beazer	545	94	-2	Hammerson 'A'	17	606	-3	Racal	1,300	172	-3	Taylor Woodrow	585	202	-3
Berisford Int.	1,500	21	-1	Hanson	8,200	183	-2½	Racal Telecom	843	284	-5	Tesco	1,800	224	-3
Blue Circle	787	204	-7	Hanson Warrants	413	28	-2½	Rank Org.	217	599	+7	Thames Water	497	285	-2
Boots	386	325	-4	Harrisons Crosfield	907	133	-2	Reckitt & Colman	58	1281	-3	Thorn EMI	189	682	-8
Brit. Aerospace	1,100	526	-4	Hawker Sidd.	671	436	-3	Redland	681	536	-11	Trafalgar House	501	199	+1
British Airways	2,600	142½	-5½	Hillsdown	814	240	-3	Reed Intl.	1,900	373	-4	Trusthouse Forte	2,200	237	-5
British Gas	2,800	281	-1½	IMI	174	203	-1	Reg. Elect. Pkg Uts	9	£1483	-17	Ultramar	1,500	317½	-4½
British Land	196	261	+1	ICI	484	872	-8	Reuters	692	695	-7	Unigate	40	288	-2
BP	2,600	317	-2	Inchcape	1,900	236	-1	Rolls Royce	4,500	158	-4	Unilever	837	672	-11
British Steel	1,400	118½	-½	Kingfisher	1,100	378		Rothmans	188	713	-17	United Biscuits	361	321	-3
British Telecom	2,300	279½	-1½	Ladbroke	3,200	235	-9	Ryl Bk Scotland	5,000	155	-3	Utd. Newspapers	332	291	-2
Bunzl	85	65	-2	Land Securities	444	522	+2	Royal Insurance	640	369	+1	Water Package Uts.	1	£2825	+2
Burmah Castrol	549	478	-1	Laporte	42	482	-1	STC	82	321		Wellcome	2,500	416	+5
Burton	741	75	-1	Legal & General	511	363	-3	Saatchi	3,300	24	-10	Welsh Water	407	283	+3
Cable & Wire.	828	448	-5	Lloyds Abbey	885	319	-2	Sainsbury	1,800	307	-1	Wessex Water	25	263	-1
Cadburys	1,200	323	-4	Lloyds Bank	782	289	-4	Scottish & New.	338	357	-3	Whitbread 'A'	378	435	-6
Calor Group	30	226	-3	LASMO	2,200	358	-6	Sears	1,400	85	-1	Wiggins Teape	1,400	194	
Carlton Comms.	108	372	-7	London Elect.	2,700	144½	-2½	Sedgwick	265	231		Williams Hldgs.	167	239	-2
Coats Viyella	1,100	105		Lonrho	680	208	-2	Seeboard	726	139	-1	Willis Corroon	511	281	-3
Comm Union	278	453		Lucas	367	135	-3	Severn Trent Water	398	243		Wimpey	1,400	198	-2
Cookson	35	96	-2	MB Caradon	211	157	-4	Shell Transport	2,500	441	-1	Yorkshire Elect.	3,800	169½	-2½
Courtaulds	684	309	-2	MEPC	775	492	+6	Siebe	289	318	-8	Yorkshire Water	105	279	
Dalgety	176	341	-2	Manpower	254	53½	+½	Slough Ests	217	223	+2				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Capital plans hit Saatchi

SAATCHI & Saatchi, once the world's largest advertising agency, dropped 10 to 24p after revealing details of a proposed recapitalisation. Turnover, at 3.3m, was the highest since early December.

The restructuring involves replacing £211m of Euroconvertible shares and £100m of UK preference shares with a combination of new ordinary and preference stock. "If it is approved it will mean between three and four times as many [ordinary] shares in issue," said Mr John Kenny at BZW. "I would be a seller down to the low teens."

Mr David Grimbley at Hoare was less pessimistic, saying the shares should be around 20p. "The good news is that if this goes through, the company will survive. The underlying business should just about be able to support the debt. Then it is a question of waiting for the upturn to arrive."

Dowty tumbles

Aerospace and defence contractor Dowty came under heavy pressure as sector analysts cut profits estimates after Tuesday's unexpected announcement of rationalisation moves. Such was the weight of selling that the beta-rated stock sustained an unusual double-figure loss to end 13½ down at a 1990/91 low of 151p. Turnover in beta stocks is not disclosed until the following day.

Mr Chris Avery of Smith New Court was among those to reduce profit forecasts for both this year and next. Citing the effects of recession at home and abroad on the group's weak areas, which are information technology and polymers, he sharply lowered profits expectations for 1991 to £75m from £87m. His new figure for 1992 is £79m, against previously £90m.

LIG drops sharply

The attraction of one of the London market's stars faded yesterday after it unexpectedly called on shareholders for fresh funds of £61.6m. Until recently shares of health and household company London International Group had been riding high at a 1990/91 peak, but after yesterday's rights issue news they ended down 23 at 216p, after 212p.

Forecasts of both higher annual profits and dividend accompanied the cash call, the proceeds of which will be used to finance the group's capital investment programme. Many analysts, however, were not impressed with the strategy and some were even critical.

Mr Ian Moore of UBS Phillips & Drew felt the group lacked direction. He remained wary over optimistic Biogel (surgical glove) forecasts and said the cash proceeds would be used to finance the put option on the group's convertible bond issue, which has been a cause of concern. He remained a seller of the stock.

Hoare Govett took LIG off its buy list last week because of the uncertainty over the convertible stock. Analyst Mr James Culverwell said he was hearing more cautious noises about LIG and had lowered his profits estimates. Fund management group John Govett reduced its large shareholding in LIG in November.

TSB hold steady

Full year results disfigured by a sharply increased bad debt provision from TSB, the high street bank, came out at £312m, just about the bottom of the range of forecasts, but failed to cause any substantial damage to a TSB share price that performed creditably given the overall market slide.

At the close the stock was only marginally easier at 132p on disappointingly low turnover of 2.8m shares.

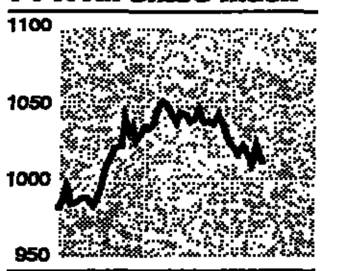
"The underlying profits before provisions, down 12 per cent, were themselves not too bad," said one banks specialist, who added that the 10 per cent rise in the dividend total was a mild disappointment to some analysts.

Dealers said there was a tremor of concern over TSB's statement on dividend policy, which said the bank would not continue to increase the payment above the rate of inflation if, in future, trading experience and prospects did not justify it.

The market had been expecting a bad debt provision in excess of £200m, but most researchers were surprised at the actual amount of £261m, compared with last year's figure of £92m.

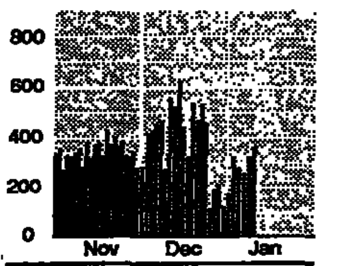
Wellcome was one of six FT-SE stocks to gain ground after James Capel countered recent caution over the company's Aids drug Retrovir. It said that sales of Zovirax, another drug, were twice those of Retrovir and had grown 30 per cent in dollar terms in a year. Wellcome added 5 at 416p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



A downgrading of ICI from UBS Phillips & Drew left the shares 8 off at 872p. Mr Alastair Nisbet is forecasting £800m for the current year (down £50m) and £700m for next year (down £100m). He said that ICI was losing money on its non-pharmaceuticals business and that 1992 would see more competition in chemicals from US suppliers in Europe.

The massive bad debt provision made by TSB and a chilling message from Sir Michael Herries, Royal Bank of Scotland's outgoing chairman at the Scottish bank's annual meeting in Edinburgh, produced across the board falls in the banks.

Sir Michael warned of little expectation of a material recovery in the UK economy until late this year or even 1992. He said companies would continue to experience difficult trading conditions and that the consequences for the banks would be the probable sluggish demand for funds. He also spoke of the need to provide against bad and doubtful debts.

Royal Bank of Scotland dipped 3 to 155p on turnover of 5m, mostly accounted for by two big lines of stock, each of 2.4m shares. Barclays, 350p, Lloyds, 289p, and Midland, 175p, were all around 4 lower. Standard Chartered was the weakest stock in the sector, retreating 14 to 226p.

The spate of profits downgrades in builders encompassed, among others, Steetley, Redland and Wimpey. The first-named was a poor market, dropping 16 to 328p after BZW lopped £6m off its 1991 forecast to £84m. Redland, where BZW lowered its 1991 estimate by £10m to £235m, fell 11 to 536p.

Rolling stock manufacturer Telfos moved 5 higher to 137p on the possibility that Jenbacher Werke, the Austrian railway engineering group which owns a small stake, might counter the share exchange plus cash offer from William Cook, currently worth around 126p per Telfos share.

Haden MacLellan was stung by a BZW downgrading and fell 9 to 102p. Analyst Mr Rory Sweetman reduced this year's profits estimate to £22.2m from £25.5m, owing to an easing in demand and possible delay in the award of a US contract, but stressed that the combination of an 8p a share dividend forecast for 1990 and nil gearing provide a major prop.

The listing of Norton shares was briefly suspended until the underwriter of the unsuccessful rights issue made settlement in full. Some 89 per cent of the issue was left with the underwriter, who claimed the delay was caused by the default of a sub-underwriter. Norton eased to 15p before ending unchanged at 16p.

BICC moved up 4 to 342p as Smith New Court said that after 15 per cent underperformance over three months the shares are near to a level where they should be bought for the dividend yield. Smith highlighted BICC's strong balance sheet and large overseas exposure and said its net debt should be minimal at the end of the year.

Dixons declined 5 to 141p in busy trade in spite of the better than expected interim profits, reflecting profit-taking after the previous session's rally. Almost alone among the stores sector, Dixons is now expected to recordhigher profits than had been previously forecast by analysts.

Higher oil prices weakened British Airways, although the latest monthly traffic statistics provided some support. Total scheduled traffic in December grew by 8.5 per cent from November and was only slightly less than a 9.5 per cent increase in capacity. The shares slipped 5½ to 142½p as 2.6m changed hands.

Rank Organisation was one of only a handful of Footsie stocks to close higher on the session. The shares rallied from an initially depressed 580p to close a net 7 higher at 599p, albeit in very thin turnover of only 214,000.

Dealers said the shares had responded to a developing stock shortage and also noted that institutions regard Rank as one of the highest rated stocks in an otherwise troubled leisure sector. "In difficult times it pays to go for top quality," said one specialist.

Some property leaders bucked the market trend to show gains on the day. Smith New Court was positive on Land Securities and Panmure Gordon recommended buying British Land. Both were optimistic on MEPC.

Smith was the more cautious, saying that Land Securities and MEPC were core holdings in a tricky sector. Panmure made unequivocal buy recommendations, saying that British Land was well placed for any recovery in the sector, while MEPC was trading at a rare discount to Land Securities. MEPC rose 6 to 492p, Land Securities added 2 at 522p, having peaked at 525p, and British Land firmed a penny to 261p.

Several houses, including James Capel, BZW and County NatWest, cut profits forecasts in the hotel sector. Ladbroke and Trusthouse Forte were the main victims. Analysts believe that tension in the Gulf is inhibiting international tourism, especially on the part of Arabs and US citizens. Ladbroke lost 9 to 235p and THF shed 5 to 237p.

County also took the knife to Bass, partly because of its hotel interest, but also as its Coral betting chain recorded worse than expected pre-Christmas business. Bass declined 11 to 1048p.

A presentation to analysts on second line brewer Devenish, by Smith New Court, left the shares 4 firmer at 145p. "Devenish is concentrating pub management and development, at which they are very good," said Smith.

Savills, the surveyors, lost 5 to 41p on interim losses. The company warned there was little prospect of improvement in the second half.

Pearson and Reed International both weakened after profits downgradings from S.G. Warburg. Ms Angela Bawtree at Warburg cited lower advertising revenues and a weak dollar in the second half of the year. Book sales are skewed to the second half, especially for educational books, such as those published by Pearson's Addison-Wesley, which are at their highest near the start of the academic year.

She added that the lack of corporate deals in the UK was hurting Pearson's investment banking arm Lazard. Ms Bawtree cut current year profits forecasts by £26m to £234m for Pearson and by £18m to £262m for Reed. Pearson lost 16 to 644p and Reed eased 4 to 373p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 27.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (2).
BRITISH FUNDS (1) TRUSTS (1).
NEW LOWS (146).
AMERICANS (1) BANKS (5) BUILDINGS (18) STORES (6) ELECTRICALS (8) ENGINEERING (8) FOODS (3) HOTELS (2) INDUSTRIALS (27) Amber Indl., Amer A, Avon Rubber, BSS, British Bloodstock, British Fittings, Caparo Inds., Colorgen, Dean & Bowes, Dyson (J & J) A, Expamet, Fenner, Gleves, Hadleigh Inds., Hampson Inds., Hanson Warrants, ISA Intl., Johnson Cleaners, Marling Inds., NMC, Optical & Medical, Powell Duffryn, RPS, Select Appointments, Shanks & McEwan, Shaw (Arthur), Whitecroft. LEISURE (5) MOTORS (2) NEWSPAPERS (1) PAPERS (6) PROPERTY (11) TEXTILES (1) TRANSPORT (2) TRUSTS (30) OILS (12) MINES (6).

APPOINTMENTS

Chairman of Gresham Trust

■ Mr Norman Baldock, managing director since 1969, has been appointed chairman of GRESHAM TRUST, a wholly-owned subsidiary of Eagle Star Holdings. He is succeeded by Mr Trevor Jones, (pictured) an executive director since 1982. Mr Michael Carr becomes deputy chairman; and Mr David Ascott, a senior investment manager, is made an executive director. Mr Michael Walker, an assistant director at Hill Samuel Bank, will become an executive director on joining Gresham Trust. Mr Colin Parker, an executive director of Eagle Star, joins as a non-executive director.

■ Mr David Edmonds has been appointed general manager, property management, of NATIONAL WESTMINSTER BANK, becoming responsible for a portfolio worth over £2bn. He is the first general manager to be appointed from outside the bank. Mr Edmonds has been chief executive of the Housing Corporation since 1984, and additionally since 1988 director of the Housing Finance Corporation.

■ Mr Robert J. Margetts, ICI general manager personnel, has been appointed chairman and chief executive of TIOXIDE GROUP in succession to Mr K.F. Plant. Mr Margetts has been a non-executive director of Tioxide since 1989.

■ Mr Dennis G. Brant has become chairman and chief executive of Wimpey Construction in succession to Mr J.A. Dwyer, recently appointed chief executive of the WIMPEY GROUP. Mr Brant was managing director of Wimpey Construction, and joined the group in 1967. Mr Timothy S. Ross has been appointed chairman and chief executive of Wimpey Minerals, also succeeding Mr Dwyer. Mr Ross joined the group in 1975, and was managing director of Wimpey Minerals. Mr David H. Heppell becomes president of George Wimpey Inc in the US from February 1, succeeding Mr P.D. Whitehouse who has resigned. Mr Heppell retains his current post as chairman and chief executive of George Wimpey Canada. Mr David J. Anderson is appointed to the group's executive board and succeeds Mr Brant as managing director of Wimpey Construction UK. Mr Anderson was commercial director, construction division.

■ Mr Richard Savage has been appointed group treasurer of BRITISH TELECOMMUNICATIONS from March 1. Mr B.J. Cameron Small, current group treasurer, will be appointed director financial control, personal communications division, when the division is formed on April 1.

■ Mr Michael Murray has been appointed managing director of the garden products group of BLUE CIRCLE INDUSTRIES, succeeding Mr Philip Buckle who has moved to another part of the Blue Circle Group. The garden products group includes Atco and Qualcast. Mr Murray was deputy managing director of the group, which he joined in 1988 as managing director of Atco.

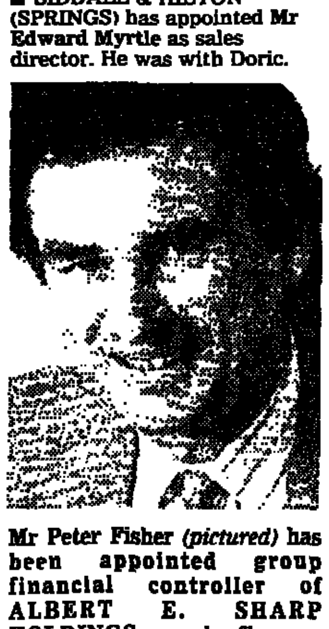
■ Mr Michael Roberts, finance director of Fast Forward Inns, has been appointed finance and acquisitions director at WILTSHIRE BREWERY. Mr Barry Mailes, former head brewer at Wolverhampton and Dudley Breweries, has joined as brewing director.

■ Mr Richard Holdron has been appointed managing director of the CROWN CORK COMPANY, where he is also responsible for the company's interests in Ireland and Nigeria. He was a director of Thorn Lighting.

■ Mr David Stanton has been appointed commercial director of GOODYEAR GREAT BRITAIN, Wolverhampton, following the retirement of Mr Gordon Bain. Mr Stanton was managing director of Goodyear's retail distribution company, Tyreservices Great Britain.

■ ATTWOODS, a waste management company, has appointed Mr Roy Boud as group treasurer. He was group treasurer of Mecca Leisure Group.

■ SIDDALL & HILTON (SPRINGS) has appointed Mr Edward Myrtle as sales director. He was with Doric.



Mr Peter Fisher (pictured) has been appointed group financial controller of ALBERT E. SHARP HOLDINGS, and finance director of Albert E. Sharp & Co, stockbrokers. He joined the company in 1987 from Coats Viyella where he was finance director of the Aero Needles Group.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19¼	524p	Chem. Banking Corpn.	555p	-15	$1.00	-	9.1
12½	5¾	Chrysler $6¼	6⅛	-⅛	$1.20	-	9.4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13½	£9	ABN Amro Fl5	£9⅞	+¼	Q28%	2.1	8.9	5.3
303	121	ANZ SA1	121	−2	Q38c	♦	12.8	♦
234	172	Abbey National 10p	223	−2	5.7	4.3	3.4	9.0
•274	128	Allied Irish Ord	132	.....	†Q40%	3.3	6.8	6.0
85	47	Anglo Irish	55	.....	Q18.6%	2.3	7.6	7.2
93	60	Ansbacher (H.) 1p	68	.....	2.5	1.3	5.6	17.3
£71½	£32⅞	Bancaire Cie Fr100	£44⅝	+½	ttQ12¼%	–	2.9	–
£22¾	£12⅞	Banco Bilbao Viz	£13⅝	+⅛	Q49.1%	2.7	5.9	9.3
£38⅞	£23⅝	Banco de Santander	£23⅞	.....	Q24.7%	2.5	4.2	9.5
286	130	Bank Ireland Ir£1	144	.....	Q14.7%	2.9	9.1	5.1
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.) £1	350	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	117	.....	†4.55	3.4	5.2	7.5
101¼	83¾	Do. 9¼pc Irrd Pf £1	98½	.....	9¼%	–	12.5	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	350	−4	tth19.57	3.5	7.5	4.9
22	10	Benchmark 20p	10	−2	0.75	–	10.0	–
335	195	Brown Shipley £1	195	.....	‡12.0	2.2	8	6.3
•435	285	Cater Allen £1	394	−3	F24.5	–	8.3	–
179	29	Chancery	44	.....	†9.0	2.7	8	1.8
£23¾	£14	Commerzbk DM10	£15⅞	+⅜	Q18%	–	3.9	–
£13⅛	620	Dai Ichi KBk Y50	750	+13	Q17%	6.2	0.5	35.4
•£313⅞	£189½	Deutsche Bk DM50	£282⅞	+2⅛	Q28%	–	2.3	–
£20⅞	£14⅞	Espirito Santo	£16¼	−⅜	Q75c	5.1	2.3	8.4
253	166	First Nat. Fin. 10p	173	−3	13.0	♦	10.5	♦
121	82	FNFC 6.3pc Cv. Pf £1	86	.....	6.3%	–	9.8	–
£13⅛	633	Fuji Bank Y50	886	+19	†Q17%	6.9	0.4	37.7
325	262	Gerrard & National	312	−2	19.0	–	8.1	–
154	70	Guinness Mahon 10p	78	.....	1.45	♦	2.8	♦
328	194	Hambros 20p	224	−3	†11.5	–	6.8	–
128	88	Do. 7.5pc Cv Pf £1	100	.....	7½%	–	10.0	–
53½	29	HK & Shang HK$2.50	38	−1	tthQ38c	–	8.5	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	123	−2	10.25	–	11.1	–
422	262	Kleinwort Benson Grp	268	−2	16.0	2.5	8.0	6.3
642	316	Kyowa Bank Y50	395	+7	Q14%	♦	0.8	♦
316	220	Lloyds £1	289	−4	†13.3	2.6	6.1	6.8
56	44	Lon. Scot. Bank 10p	53	.....	†2.4	1.9	6.0	10.5
404	174	Midland £1	175	−4	†18.0	2.6	13.7	3.6
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞	.....	†Q17%	♦	0.3	♦
£12¾	£4⅞	Mitsubishi Tr & Bk Y50	£6⅞	−⅛	Q17%	12.4	0.7	11.6
£10⅝	£4⅞	Mitsui Taiyo Kobe Y50	£7⅛	+⅛	†Q16%	6.0	0.5	38.5
904	410	Mitsui Tst & Bk Y50	546	+11	Q17%	♦	0.6	♦
326	203	Nat. Aust. Bk. A$1	211	.....	Q55c	1.5	10.6	6.1
[illegible]	[illegible]	Nat West £1	270	.....	†16.7	3.3	8.2	4.9

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

1990/91 High	Low	Stock	Price
111	79	Tay Homes	107
325	183	Taylor Woodrow	202
665	415	Tilbury Group	510
75	35	♦Torex Hire 10p	38
217	150	Travis Perkins 10p	193
111	48	Try Group	48
41	22	♦Tudor 20p	22
325	139	Turriff Corp.	139
63	3	♦Venture Plant Grp. 5p	3
172	71	Vibroplant 5p	72
359	113	Ward Group 5p	133
95	48	Ward Hldgs. 10p	73
447	315	Watts Blake	398
98	27	♦Wescol Group 10p	32
233	121	Westbury 10p	172
125	33	♦Westminster Scaffdg 10p	33
91	7	Wiggins Group	10
348	240	Wilson Bowden 10p	343
181	141	Wilson (Connolly)	163
267	163	Wimpey (Geo)	196

CHEMICALS, PLASTICS

1990/91 High	Low	Stock	Price
£46⅞	£19¼	Akzo Fl 20	£22⅞
173	107	Allied Colloids 10p	122
65	46	♦Amer Plastic Tech 1c	46
401	245	Amersham Intl	308
65	5	Astra Hldgs	17
£115¾	£62⅞	BASF AG DM50	£69⅞
•178	120	BTP 10p	165
£118⅞	£66¼	Bayer AG DM 50	£75½
194	132	Blagden Inds	134
167	121	Brent Chems 10p	122
234	35	Caird Group 10p	48
148	37	Do. 7p Cv Pf 2009 10p	47
17	8	♦Cambridge Isotope 1c	14
239	88	Canning (W.)	96
199	139	Croda Int. 10p	159
88	68	Doeflex 10p	68
•232½	157	Ellis & Everard	172
1350	882	Engelhard US$1	935
20	15	European Colour 5p	15
159	93	Evode Group 20p	104

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	......	3.5	10.8	1.0	12.0
225	135	Airflow Streamlines y	140		6.0	3.0	5.7	7.8
190	145	Bostrom 5p y	147		†5.75	3.1	5.2	6.7
266	151	Dowty 50p β	151	–1½	†9.0	2.1	8.1	7.1
239	110	FR Group β	117	–2	6.37	3.1	7.3	6.0
135	55	Kwik-Fit Hldgs 10p β	75	–2	†2.4	2.3	4.3	13.9
174	102	Lucas Inds α	135	–3	7.0	2.5	6.9	6.6
44	14	Do. Warrants β	22½	–½	–	–	–	–
80	53	‡Mid-States 10p y	53	–2	s20.75	–	1.9	44.4

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	14	Alexanders 10p y	15	+1	1.0	◆	9.5	◆
135	78	Appleyard 10p β	79	–1	†7.8	2.4	13.2	3.7
110	55	‡Bletchley Motor 20p y	70	+5	†7.5	1.9	14.3	5.0
569	398	Caffyns 50p β	400	......	11.5	1.0	3.8	(36.5)
121	89	‡Central Motor Auctns y	91	......	†3.25	3.2	4.8	8.7
61	20	‡Cook (D.C.) Hldgs 5p y	28	......	1.0	5.3	6.7	3.8
89	33	Cowie (T.) 5p β	42	–3	4.2	1.5	13.3	5.8
95	56	Dagenham Motors 10p y	76	–2	†5.25	2.8	9.2	5.3
98	73	Davenport Vernon 10p y	75	......	3.5	3.6	6.2	5.2
247	163	Evans Halshaw β	165	......	11.25	2.4	9.1	6.0
113	68	Gates (F.G.) β	73	......	2.75	1.9	5.0	13.7
161	25	Gowrings 10p y	33	......	5.63	1.0	22.7	5.7

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
43	13	Greenwich Res 5p β	18	......			
£14⅞	£8⅞	Homestake Mining $1	£9⅞	–⅛	Q20c	–	1.0
62	22	‡‡Ivernia West y	37	–1			
97	46	‡‡Kells Mins. Ir5p y	46	......			
49½	10	‡Kenmare y	10	–½			
45	15	‡‡Navan Resources y	15	......			
20¾	7	‡New Sabina Res C$1	11	......			
457	55	Northgate Expl. C$1	68	+4			
39¾	2	‡Nor-Quest Res.	3½	......			
255	90	Oryx Gold Hldgs	194	+25			
57	18	‡‡Ovoca Gold IR 2p y	18	......			
93	42	Plateau Mining 20p y	44	......			
605	392	RTZ 10p α	422	–8	†18.5	2.5	5.8
14	4½	‡Thorco Res. Inc.$1	6¼	......			
18	5	Vizcaya Hldgs 5p y	10	......			
178	131	‡Young Group 10p y	133	+2	†7.8	2.7	7.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, y Gamma.
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ✱ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1 y	700	......
Finlay Pkg. 5p y	38	......
Holt (Jos) 25p y	1305	–5
Carrol (P.J.)	154	......
Helton Hldgs. y	43	......
IRG	135	......
United Drug	130	......

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£98¾	......
9pc Cap Ln. 1996	£93¼	......
Fin. 13% 97/02	£109¾	......
Arnotts	158	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp.	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons.	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met.	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen.	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property

Stock	p
Brit Land	24
Control Secs	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils

Stock	p
Aviva Petlm	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines

Stock	p
Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

Continued on next page

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: *Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.*

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: *The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.*

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: *The most recent report and scheme particulars can be obtained free of charge from fund managers.*

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	101.66	102.4	108.93	-0.27	0.94
Do Accum	6	111.13	111.93	119.07	-0.34	0.94
TSB Brit Growth	6	62.7	63.62	67.68	+0.35	3.88
Do Accum	6	69.32	70.35	74.83	+0.39	3.88
TSB European	6	62.27	62.27	66.24	-0.04	1.35
Do Accum	6	64.53	64.53	68.64	-0.05	1.35
TSB Extra Income	6	137.3	140.41	149.37	+1.36	6.18
Do Accum	6	194.18	198.58	211.25	+1.92	6.18
TSB Smaller Cos	6	37.35	38.23	40.67	+0.75	3.35
Do Accum	6	39.17	40.09	42.64	+0.78	3.35
TSB General	6	189.05	192.31	204.58	-3.8	4.37
Do Accum	6	352.72	358.82	381.72	-0.3	4.37
TSB Premier Income	5	41.82	42.45	44.21	-0.71	9.51
Do Accum	5	73.52	74.65	77.75	+1.28	9.51
TSB Income	6	252.67	257.84	274.29	-0.31	6.03
Do Accum	6	469.71	479.32	509.91	-0.58	6.03
TSB Pacific	6	184.13	187.5	199.46	+3.63	0.65
Do Accum	6	191.59	195.09	207.54	+3.76	0.65
TSB International	6	315.29	315.29	335.41	-0.76	1.71
Do Accum	6	404.42	404.42	430.23	-0.97	1.71
TSB Nat Resources	6	53.88	55.02	58.53	-0.5	1.32
Do Accum	6	58.45	59.69	63.49	-0.6	1.32
TSB Sictd Opps	6	66.61	68.25	72.6	+0.57	4.02
Do Accum	6	79.49	81.46	86.65	+0.69	4.02
Environmental Inv	6	39.19	39.91	42.45	-0.1	2.61
Do Accum	6	40.09	40.82	43.42	-0.11	2.61
TSB Selector	6	40.88	41.69	44.35	-0.1	4.85
Do Accum	6	42.13	42.96	45.7	-0.1	4.85
TSB High Income	6	43.52	44.25	47.07	-0.01	6.69
Do Accum	6	44.8	45.56	48.46	-0.01	6.69
TSB Intl Income	6	47.29	47.47	50.49	+0.05	7.03
Do Accum	6	47.29	47.47	50.49	+0.05	7.03
TSB Selector Income	6	44.36	44.93	47.79	-0.02	6.91
Do Accum	6	44.36	44.93	47.79	-0.02	6.91

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks
Admin: 0296 394000 Dealing: 0296 312156

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	58.49	58.49xd	62.47	-0.37	1.23
Australia	5	5.002	5.002	5.354	-0.04	4.98
Equity	5	138.2	138.2	148.4	-1.3	5.18
Euro Spec Sits	5	90.83	90.83	97.18	-1.81	0.71
Financial	5	24.29	24.29	26.20	-0.28	5.70
Global Opps Inc	5	53.80	53.80xd	57.93	-1.13	1.84
Global Opps Acc	5	54.97	54.97	59.18	-1.16	1.84
Gold & Gen Inc	5	35.20	35.20	37.91	+0.22	1.45

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	99.9	99.9	+0.5	10.81
(Accum Units)	529.8	529.8	+2.9	10.81
NAACIF Jan 9	-	99.5		10.13

MIM Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	932.0	1007.0	....	-
Mngd Pens (Acc)	56.0	59.7	....	-

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Jan 8	110.2	118.1	.....	3.25
UK Small Co † Jan 8	421.6	463.2	.....	2.31
Fixed Interest † Jan 8	101.4	106.6	.....	8.51
US Small Co Jan 8	103.8	111.1	.....	0.00
Managed Jan 8	92.55	98.42	.....	2.59
Intl Bond Jan 8	107.4	113.3	.....	8.05
Japan Jan 8	60.63	64.79	.....	1.05
European Jan 8	73.93	79.13	.....	1.78
Nth American Jan 8	78.68	84.52	.....	1.65

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Jan 9	39.1	40.6	-1.10	2.49
Euro Expt Jan 9	44.4	46.6	-1.10	2.71
Fixed Int Ex Jan 9	44.4	45.6xd	+0.80	11.25
Japan Expt Jan 9	37.0	38.6xd	-0.80	0.73
Managed Ex Jan 10	38.0	39.5	-0.40	5.13
SE Asia Expt Jan 9	54.4	57.1	-0.40	7.15
Sm Cos Expt Jan 9	27.3	28.6	-0.20	5.94
UK Eqty Ex Jan 9	35.5	37.2	-1.10	4.69

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Jan 1	589.63	631.9	.....	5.97
Do Accum	662.4	709.8	.....	5.97
Int Expt Jan 9	142.1	144.8	-0.96	2.99
UK Index Jan 2	990.8	1012xd	.....	5.76
Do Accum	1059	1080	.....	5.76
Convertible Jan 4	80.31	82.94	.....	8.85
World ex UK Index Jan 7	637.6	646.1xd	.....	3.07
Do Accum	637.6	646.1	.....	3.07
Japan Index Jan 7	510.5	518.0xd	.....	0.57
Do Accum	511.8	519.2	.....	0.57
USA Index Jan 7	744.0	762.4xd	.....	3.66
Do Accum	748.9	767.3	.....	3.66
European UK Index Jan 7	746.8	765.4xd	.....	3.26
Do Accum	763.3	782.2	.....	3.26

City of Westminster Assurance (z)
PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU
Current Series

	Bid Price	Offer Price	+ or -	Yield Gross
Property Fund	216.1	227.5		-
Secure Gorth Fund	306.4	322.6	+0.1	-
Managed Fund	391.9	412.6	+0.4	-
Equity Fund	222.2	233.9	+1.0	-
Fixed Interest Fund	158.8	167.2	+0.4	-
Far East Fund	294.7	310.3	+2.3	-
North American Fund	076.2	080.3	-0.1	-
Natural Resources Fund	207.0	217.9	-1.1	-
Pension Managed Fund	452.9	476.8	+2.1	-
Pension Equity Fund	230.4	242.6	+0.4	-

Eagle Star Insur./Midland Assur.
60 St. Mary Axe, London EC3 071-929 1111

	Bid Price	Offer Price	+ or -	Yield Gross
Eagle/Mid. Units	171.9	178.1	-0.1	4.60

Economic Insurance Company Ltd
London Rd, Sittingbourne, ME10 1PE 0795 424321

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	109.5	115.3	...	-
Fixed Interest	112.8	118.8	...	-
Equity	116.0	122.2	...	-
Overseas Equity	85.8	90.4	...	-
Money	123.9	130.5	...	-
Pens Managed	110.2	116.0	...	-
Pens Fixed Interest	128.0	134.8	...	-

Guardian Royal Exchange—Contd.
GRE Linked Life Assurance Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Initial	305.4	321.5	-3.4	-
Do. Accum	398.9	419.9	-4.4	-
Equity Initial	464.4	488.8	-2.5	-
Do. Accum	606.6	638.5	-3.2	-
Fixed Int. Initial	299.4	315.1	-0.6	-
Do Accum	391.0	411.6	-0.8	-
Index Initial	275.6	290.1	-0.3	-
Do. Accum	360.0	378.9	-0.4	-
North American Initial	96.9	102.0	-0.6	-
Do Accum	115.2	122.3	-0.6	-
Pacific Initial	151.8	159.7	+1.4	-
Do. Accum	178.7	188.1	+1.7	-
European Initial	65.5	68.9	-0.2	-

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 081-440 8210

	Bid Price	Offer Price	+ or -	Yield Gross
Sel Sec A	37.80	39.79	.....	-
Managed	31.70	33.37	.....	-
Equity	27.97	29.45	.....	-
Blue Chip	42.74	44.99	.....	-
Special Sits	28.96	30.49	.....	-
International	35.72	37.61	.....	-
European Fund	11.05	11.62	.....	-
American	19.02	20.10	.....	-
Pacific	32.75	34.48	.....	-
Property	33.76	35.54	.....	-
Fixed Yield	26.59	27.99	.....	-
Indexed Linked Secs	14.80	19.58	.....	-
Deposit	24.38	25.67	.....	-

Merchant Investors Assurance Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
MI Fram Inc & Growth	161.8	170.3	+0.2	-
MI Fram Intl Growth	117.3	123.4		-
MI Fram Japan & Gen	172.7	181.7	-0.3	-
MI Fram Recovery	140.3	147.6	-0.5	-
MI Gar Int Fixed Int	97.4	102.5	+0.2	-
MI Gar Glob Inc & Grh	117.1	123.2	-0.4	-
MI Gar Gold & Intl Res	86.3	90.8	-0.1	-
MI Gar Pacific Gwth	116.3	122.4	+0.1	-
MI Gar Smaller Co's	135.1	142.2	-1.0	-
MI Henderson Fd	160.4	168.8	-0.3	-
MI Hen American	143.8	151.3	-1.4	-
MI Hen European Tst	103.5	108.9	+0.3	-
MI Hen UK Income	171.8	180.8	+0.3	-
MI Hen Euro Gwth	121.5	127.8	-0.4	-

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	89.1	93.8	-0.1	-
Pension Managed Fd	85.4	89.9	...	-
Life Deposit Fd	103.5	109.0	...	-
Pension Deposit Fd.	107.1	112.8	+0.1	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	99.1	104.4	-0.7	-
Managed Growth	118.7	125.0	-1.0	-
Managed Opportunity	114.6	120.7	(z)	-
NFMC Target Financial	84.6	89.1		
Pension Funds				
Managed Cautionary	106.4	112.0	+0.9	-
Managed Growth	124.9	131.5	+0.5	-
Managed Opportunity	115.6	121.7	+0.2	-
NFMC Target Mngd Pen.	1305.2	1373.9	-4.1	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	139.0	146.4	...	-
UK Equity	144.1	151.7	..	-
Overseas Equity	108.5	114.3	...	-
Fixed Interest	135.9	143.1	..	-
Property	125.2	131.8	...	-
Index Linked	143.5	151.1	...	-
Deposit	148.6	156.5	..	-
With Profits (B)	124.8	131.3	.	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	303.8	319.8	-0.5	-
UK Equity	379.5	399.5	-1.1	-
Overseas Eq	283.1	298.0	...	-
Americas	211.8	223.0	-3.3	-
Far East	288.9	304.2	+1.6	-
Property	193.3	203.5	+0.1	-
Fixed Int.	244.4	257.3	+0.6	-
Indexed Gilt	149.5	157.4	+0.2	-
Deposit	174.9	184.2	+0.1	-
Pension Fund (Accum Units)				
Managed	422.6	444.9	-0.4	-
UK Equity	487.0	512.7	-1.2	-
Overseas Eq	462.9	487.3	+0.2	-
Americas	278.0	292.7	-1.4	-
Far East	487.6	513.3	+3.3	-
Property	240.8	253.5	+0.1	-
Fixed Int.	298.9	314.7	+0.8	-
Indexed Gilt	164.7	173.4	+0.2	-
Deposit	242.0	254.8	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	948.3	965.2	...	-
Prices Dec 31 Next dealing Feb 1				
Norwich Union Asset Management Ltd				
PO Box 140, Norwich NR3 1PP 0603 686787				
NUAM Funds				
Managed Fund	61.6	64.9	..	-
Stock Market Mngd Fund	57.9	61.0	..	-
Equity Fund	66.3	69.8	-0.1	-
International Fund	50.0	52.6	..	-
European Fund	57.5	60.5	+0.1	-
North American Fund	52.8	55.5	-0.3	-
Pacific Fund	54.0	56.8	+0.2	-
Property Fund	86.0	90.5		-
Fixed Interest Fund	55.8	58.7	+0.2	-
Index Linked Sec Fund	60.6	63.8	..	-
Deposit Fund	67.1	70.7	...	-
NUAM Retirement Plans				
Mixed Fund	66.9	70.4	-0.1	-
UK Ordinary Share Fd	76.5	80.5	-0.2	-
International Fund	53.7	56.5	-0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	136.5	144.0	-0.5	-
Accum Equity	192.5	203.0	-1.0	-
Accum Managed	197.0	208.0		-
Accum Five Star	146.5	155.0	...	-
Accum World	106.0	112.0		-
Accum Lifetime	99.8	99.8	-0.2	-
Pens Acc Equity	200.5	211.5	-1.0	-
Pens Acc Managed	232.0	245.0	.	-
Pens Acc Intl	164.5	173.5	.	-
Pens Acc Deposit	189.5	200.0	..	-
Pens Acc Five Star	153.5	162.0		
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc.	194.6	205.3	+0.2	-
UK Fixed Int Acc.	165.5	174.6	-0.1	-
Intl Equities Acc.	146.3	154.4	+0.3	-
UK Managed Acc.	154.5	162.9	+0.1	-
Property Acc.	223.8	236.1	+0.1	-
Money Acc	124.6	131.5		-
Special Market Acc.	117.6	124.1	-0.8	-
Japan Equity Acc.	85.2	89.9	+0.3	-
North American Acc.	81.0	85.5	-1.7	-
Pacific Acc.	72.8	76.8	+0.1	-
Technology Acc.	89.3	94.2	-1.2	-
Nat Resources Acc.	54.5	57.5	-0.2	-
European Acc.	87.5	92.3	+0.7	-
Residential Prop Acc.	95.9	101.2	.	-
Swiss Equities Acc.	29.9	31.3		-
Hong Kong Acc.	46.8	49.4	-0.1	-
UK High Inc Eq Acc	62.7	66.2	-0.2	-
Int Fixed Interest Acc.	53.4	56.4		-
Int Managed Acc.	49.5	52.2	+0.1	-
HIP Managed Acc.	99.8	105.2	-0.2	-
HIP Managed II Acc.	86.4	91.1	-0.2	-
Total Investment Bond				
UK Equity Initial		133.0	-0.1	-
UK Fixed Int Initial		113.3	+0.2	-
Intl Equities Initial		99.5		-
UK Managed Initial		105.8		-
Property Initial		154.4	+0.1	-
Money Initial		85.8	+0.1	-
Special Market Initial		91.8	-0.7	-
Japan Equity Initial		66.5	+0.2	-
North American Initial		63.3	-1.2	-
Pacific Initial		56.8	+0.1	-
Technology Initial		69.7	-0.9	-
Nat Resources Initial		42.5	-0.2	-
European Initial		78.8	+0.5	-
Residential Prop Init.		92.1		-
Swiss Equities Initial		28.4	-0.1	-
Hong Kong Initial		45.0	-0.1	-
UK High Inc Eq Init.		60.2	-0.2	-
Int Fixed Interest Init.		52.1	+0.1	-
Int Managed Init.		48.3	+0.1	-
HIP Managed Init.		97.5	-0.2	-
HIP Managed II Initial		85.7	-0.1	-
Broker Funds				
High Performance	59.8	63.0	-0.1	-
Towerhill Mngd Fd Acc.	34.0	35.8	+0.8	-
YRA Executive Fd	81.2	85.6	-0.1	-
E Global Growth Acc.	107.4	113.2	+0.3	-
E High Income Money Acc.	135.1	142.5		-
TM Balanced		46.7	+0.3	-
H F Speculator Fd		109.7	-1.3	-
PEP Acorn II		102.9	+0.4	-
PEP Cautionary		67.3		-
AAFS Int Man Fund		108.5	+1.2	-
Andrews-Green Inv Port.		72.2	+0.1	-
Individual Pension Funds				
UK Equity Acc.	211.1	222.7	+0.2	-
UK Fixed Interest Acc.	207.1	218.5	-0.2	-
Intl Equities Acc.	185.0	195.2	+0.4	-
UK Managed Acc.	167.2	176.3	+0.1	-
Property Acc.	198.7	209.7	..	-
Money Acc.	154.1	162.6		-
Special Market Acc.	184.9	195.1	-1.2	-
Japan Equity Acc.	135.0	142.5	+0.5	-
North American Acc.	100.1	105.6	-2.0	-
Pacific Acc.	135.9	143.4		-
Technology Acc	108.6	114.6	-1.7	-
Natural Resources Acc.	83.5	88.1	-0.4	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm but below best

THE DOLLAR finished in London well above the previous day's close, but down from the levels touched in New York on Wednesday. Trading was nervous, with the dollar closing towards the top of its range in Europe, but failing to attack the DM1.54 seen in New York on Wednesday following news that the US and Iraq had failed to agree on a settlement of the Gulf dispute.

In terms of the Japanese yen the dollar was also firm, but did not come near to the Y137 touched in New York on Wednesday.

As early optimism about a successful conclusion to the Gulf talks proved to be misplaced, the dollar showed an initial surge, but settled back to a fairly narrow range trading yesterday. The threat of war kept underlying sentiment very firm and the situation in the Soviet Union also lent support to the dollar, after President Mikhail Gorbachev warned Lithuania to act in line with Soviet law or risk direct rule from Moscow.

In current circumstances the market is not prepared to go short of dollars and was prepared to ignore economic factors, such as a probable easing of the Federal Reserve's monetary stance earlier this week.

The Fed drained liquidity in New York yesterday, but Federal funds were trading at 6 9/16 per cent at the time - below the assumed new target rate of 6¾ per cent - and this did not conflict with the view that the Fed has eased.

At the London close the dollar had climbed to DM1.5315 from DM1.5130; to Y134.55 from Y134.00; to SFr1.2875 from SFr1.2735; and to FFr5.1950 from FFr5.1350. On Bank of England figures the dollar's index rose to 61.8 from 61.5.

Sterling improved against its partners in the European Monetary System, but was dragged down by a weaker D-Mark against the dollar and Japanese yen.

High London interest rates and Britain's position as an oil producer during the Gulf crisis provided support, but the pound was generally on the sidelines with most attention concentrated on the dollar and the cross rate between the D-Mark and yen.

Sterling fell 2.05 cents to $1.9060 in London. It also declined to Y256.50 from Y258.25, but rose to DM2.9200 from DM2.9150; to FFr9.9025 from FFr9.8925; and to SFr2.4550 from SFr2.4525. The pound's index shed 0.2 to 93.8.

Within the EMS exchange rate mechanism the French franc was the weakest currency, slightly below sterling. The weakness of the D-Mark helped keep pressure off the system. Concern about unrest in the Soviet Union weighed on the D-Mark, while a sharp decline in Germany's November current account surplus to DM1.3bn from DM6.6bn was another depressing factor.

At the London close the D-Mark's value against the yen had fallen to Y87.85 from Y88.55.

£ IN NEW YORK

Jan.10	Latest	Previous Close
£ Spot	1.9055-1.9065	1.8990-1.9000
1 month	1.11-1.09pm	1.09-1.08pm
3 months	2.99-2.96pm	2.89-2.86pm
12 months	9.25-9.15pm	9.05-8.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.10	Previous
8.30 am	93.8	93.7
9.00 am	93.8	93.8
10.00 am	93.8	93.8
11.00 am	93.7	93.9
Noon	93.8	93.9
1.00 pm	93.8	93.9
2.00 pm	93.7	93.8
3.00 pm	93.8	93.9
4.00 pm	93.8	94.0

CURRENCY MOVEMENTS

Jan 10	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.8	-18.4
U.S Dollar	61.8	-17.7
Canadian Dollar	102.8	+0.4
Austrian Schilling	110.4	+12.2
Belgian Franc	112.2	-1.6
Danish Krone	110.5	+4.8
D-Mark	119.7	+25.9
Swiss Franc	116.1	+24.8
Dutch Guilder	115.3	+16.9
French Franc	104.6	-11.9
Lira	99.7	-19.4
Yen	131.1	+65.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.9.

CURRENCY RATES

Jan 10	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.739424	0.701792
U.S Dollar	7	1.41304	1.34113
Canadian $	12.82	1.63905	1.54363
Austrian Sch	6½	15.2693	14.4198
Belgian Franc	10¼	44.3377	42.2287
Danish Krone	9½	8.37368	7.88917
D-Mark	6.00	2.16124	2.04924
Dutch Guilder	7.25	2.42520	2.31022
French Franc	10¼	7.34004	6.95038
Italian Lira	12½	1625.35	1541.62
Japanese Yen	6	193.375	180.918
Norway Krone	8	8.50367	8.01188
Spanish Peseta	-	137.095	129.231
Swedish Krona	11	N/A	7.63905
Swiss Franc	6.00	1.81576	1.72066
Greek Drach	20½	N/A	215.532
Irish Punt	-	N/A	0.767146

† European Commission Calculations.
* All SDR rates are for Jan.9

OTHER CURRENCIES

Jan 10	£	$
Argentina	11205.8 - 11227.8	5870.00 - 5880.00
Australia	2.4665 - 2.4685	1.2915 - 1.2925
Brazil	347.245 - 348.100	181.90 - 182.30
Finland	6.9955 - 7.0185	3.6720 - 3.6750
Greece	304.400 - 309.300	159.170 - 161.720
Hong Kong	14.8765 - 14.8905	7.7660 - 7.7680
Iran	124.70*	65.10*
Korea(Sth)	1353.45 - 1375.25	714.70 - 720.30
Kuwait	N/A	N/A
Luxembourg	60.10 - 60.20	31.50 - 31.60
Malaysia	5.1975 - 5.2065	2.7210 - 2.7230
Mexico	5637.25 - 5640.65	2953.00 - 2954.00
N.Zealand	3.2260 - 3.2310	1.6895 - 1.6925
Saudi Ar	7.1565 - 7.1985	3.7490 - 3.7510
Singapore	3.3485 - 3.3560	1.7555 - 1.7575
S Af (Cm)	4.9225 - 4.9345	2.5840 - 2.5870
S Af (Fn)	6.3990 - 6.5085	3.3555 - 3.4130
Taiwan	51.75 - 51.85	27.15 - 27.20
U.A.E	7.0080 - 7.0505	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.231	-3.29	4.23	58
Belgian Franc	42.4032	42.2287	-0.41	1.22	23
D-Mark	2.05586	2.04924	-0.32	1.13	25
Dutch Guilder	2.31643	2.31022	-0.27	1.07	17
Irish Punt	0.767417	0.767146	-0.04	0.84	5
Italian Lira	1538.24	1541.62	0.22	0.58	-7
Danish Krone	7.84195	7.88917	0.60	0.20	-24
Sterling	0.696904	0.701792	0.70	0.10	-14
French Franc	6.89509	6.95038	0.80	0.00	-40

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9025 - 1.9190	1.9055 - 1.9065	1.10-1.08cpm	6.86	2.97-2.94pm	6.20
Canada	2.1910 - 2.2065	2.1960 - 2.1970	0.48-0.39cpm	2.38	1.40-1.26pm	2.42
Netherlands	3.2840 - 3.2975	3.2850 - 3.2950	1⅛-1¼cpm	4.79	3½-3¼pm	4.10
Belgium	59.85 - 60.40	60.10 - 60.20	23-20cpm	4.29	58-50pm	3.59
Denmark	11.2075 - 11.2575	11.2450 - 11.2550	3⅝-3½orepm	3.8	9¼-8½pm	3.18
Ireland	1.0915 - 1.0940	1.0930 - 1.0940	0.38-0.30ppm	3.73	0.76-0.62pm	2.52
Germany	2.9120 - 2.9230	2.9175 - 2.9225	1¼-1⅛pfpm	4.88	3⅛-3pm	4.20
Portugal	260.50 - 262.90	261.80 - 262.80	70-40cpm	2.52	40-26pm	0.50
Spain	183.35 - 184.45	183.70 - 184.00	10-19cdis	-0.95	39-51dis	-0.98
Italy	2190.00 - 2201.55	2195.25 - 2196.25	4-2lirepm	1.64	10-8pm	1.64
Norway	11.3890 - 11.4295	11.4125 - 11.4225	3-2½orepm	2.89	6⅝-6⅛pm	2.23
France	9.8835 - 9.9225	9.8975 - 9.9075	3⅛-3⅛cpm	3.94	8⅝-8⅛pm	3.36
Sweden	10.8610 - 10.8985	10.8725 - 10.8825	par-¼oredis	-0.14	1½-2dis	-0.64
Japan	256.00 - 258.90	256.00 - 257.00	1⅜-1¼ypm	6.14	3⅝-3½pm	5.56
Austria	20.49 - 20.58	20.53 - 20.56	8⅞-6¼gropm	4.56	22½-19¼pm	4.05
Switzerland	2.4420 - 2.4600	2.4500 - 2.4600	1⅛-1cpm	5.19	3-2⅞pm	4.79
Ecu	1.4115 - 1.4180	1.4160 - 1.4170	0.47-0.43cpm	3.81	1.14-1.07pm	3.12

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.41-5.36cpm 12 Month 9.20-9.10cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9025 - 1.9190	1.9055 - 1.9065	1.10-1.08cpm	6.86	2.97-2.94pm	6.20
Ireland†	1.7415 - 1.7520	1.7440 - 1.7450	0.58-0.53cpm	3.82	1.74-1.64pm	3.88
Canada	1.1500 - 1.1560	1.1520 - 1.1530	0.42-0.45cdis	-4.53	1.08-1.13dis	-3.84
Netherlands	1.7100 - 1.7290	1.7255 - 1.7265	0.29-0.33cdis	-2.16	0.88-0.93dis	-2.10
Belgium	31.25 - 31.60	31.50 - 31.60	6.00-7.50cdis	-2.57	18.00-23.00dis	-2.60
Denmark	5.8455 - 5.9050	5.9000 - 5.9050	1.45-1.65oredis	-3.15	4.25-4.85dis	-3.08
Germany	1.5135 - 1.5350	1.5310 - 1.5320	0.23-0.25pfdis	-1.88	0.77-0.79dis	-2.04
Portugal	136.90 - 137.20	137.10 - 137.20	35-50cdis	-3.72	190-220dis	-5.98
Spain	95.90 - 96.65	96.55 - 96.65	60-63cdis	-7.64	173-181dis	-7.33
Italy	1140.00 - 1153.75	1151.75 - 1152.25	4.60-5.20liredis	-5.10	13.50-14.50dis	-4.86
Norway	5.9350 - 5.9925	5.9875 - 5.9925	1.80-2.15oredis	-3.96	5.75-6.15dis	-3.97
France	5.1500 - 5.2025	5.1925 - 5.1975	1.21-1.126cdis	-2.70	3.72-3.82dis	-2.90
Sweden	5.6700 - 5.7100	5.7050 - 5.7100	3.05-3.45oredis	-6.83	9.10-9.80dis	-6.62
Japan	134.45 - 135.60	134.50 - 134.60	0.09-0.10ydis	-0.85	0.21-0.24dis	-0.67
Austria	10.6750 - 10.7770	10.7600 - 10.7650	1.75-2.20grodis	-2.20	4.95-6.15dis	-2.06
Switzerland	1.2735 - 1.2885	1.2870 - 1.2880	0.16-0.20cdis	-1.68	0.42-0.47dis	-1.38
Ecu	1.3460 - 1.3555	1.3465 - 1.3475	0.36-0.33cpm	3.07	1.07-1.00pm	3.07

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13⅞ - 13¼	13 15/16 - 13 13/16	14 1/16 - 14 1/16	13 15/16 - 13⅞	13½ - 13 7/16	13 - 12 15/16
US Dollar	6½ - 6⅛	7 1/16 - 6 15/16	7¾ - 7⅛	7⅝ - 7¼	7⅝ - 7¼	7 7/16 - 7 5/16
Can. Dollar	11⅞ - 11⅝	12 - 11¾	11½ - 11¼	11 1/16 - 10 15/16	10 13/16 - 10 11/16	10¾ - 10⅝
Dutch Guilder	9⅛ - 8 13/16	9⅛ - 8⅞	9⅜ - 9⅛	9½ - 9⅜	9⅝ - 9 7/16	9 11/16 - 9½
Swiss Franc	9 - 8¾	9 - 8¾	8 15/16 - 8 13/16	8 15/16 - 8 13/16	8 13/16 - 8 11/16	8⅝ - 8½
D-Mark	8¾ - 8½	8¾ - 8½	8 13/16 - 8 11/16	9 1/16 - 9⅛	9 1/16 - 9⅛	9 3/16 - 9⅛
French Franc	10 1/16 - 9 13/16	10 1/16 - 9 15/16	10 1/16 - 9 15/16	10⅜ - 10¼	10⅜ - 10 3/16	10 11/16 - 10⅜
Italian Lira	13 - 11	12¼ - 11¼	12⅛ - 11⅞	12⅛ - 11⅞	12⅝ - 12¼	12½ - 12¼
Belgian Franc	9 15/16 - 9 13/16	9 15/16 - 9 13/16	10 - 9⅞	10 1/16 - 9 15/16	10⅛ - 10	10⅞ - 10 1/16
Yen	8 1/16 - 7 15/16	8 1/16 - 7 15/16	8¼ - 8	8 3/16 - 8 1/16	7⅞ - 7¾	7⅝ - 7½
Danish Krone	10¼ - 10	10¼ - 10	10½ - 10¼	10⅝ - 10⅜	10⅝ - 10½	10⅝ - 10½
Asian $Sing	7 7/16 - 7 5/16	7 7/16 - 7 5/16	7 7/16 - 7 5/16	7 7/16 - 7 5/16	7 7/16 - 7 5/16	8 - 7⅞

Long term Eurodollars: two years 7⅞-7¾ per cent; three years 8⅛-8 1/16 per cent; four years 8⅜-8¼ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.10	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.906	2.920	256.5	9.903	2.455	3.290	2196	2.197	60.15
$	0.525	1	1.532	134.6	5.196	1.288	1.726	1152	1.153	31.56
DM	0.342	0.653	1	87.84	3.391	0.841	1.127	752.1	0.752	20.60
YEN	3.899	7.431	11.38	1000.	38.61	9.571	12.83	8561	8.565	234.5
F Fr.	1.010	1.925	2.949	259.0	10.	2.479	3.322	2218	2.219	60.74
S Fr.	0.407	0.776	1.189	104.5	4.034	1	1.340	894.5	0.895	24.50
H Fl.	0.304	0.579	0.888	77.96	3.010	0.746	1	667.5	0.668	18.28
Lira	0.455	0.868	1.330	116.8	4.510	1.118	1.498	1000.	1.000	27.39
C $	0.455	0.868	1.329	116.8	4.508	1.117	1.497	999.5	1	27.38
B Fr.	1.663	3.169	4.855	426.4	16.46	4.081	5.470	3651	3.653	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

LIFFE EUROMARK OPTIONS DM1m points of 100%

LIFFE EURODOLLAR OPTIONS $1m points of 100%

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

LONDON (LIFFE)

CHICAGO

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THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int.
March	89.62	89.64	-0.11	89.68	89.60	10.36	14,815
June	89.69	89.72	-0.11	89.73	89.69	10.28	4,468
September	89.78	89.80	-0.10	89.83	89.78	10.18	1,760
December	-	-	-	-	-	10.18	55

Estimated volume 4,949 Total Open Interest 21,098

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int.
January	1512.0	1508.0	-53.0	1530.0	1508.0	6,938
February	1528.0	1535.0	-36.0	1536.0	1528.0	447
March	1539.0	1545.5	-35.5	1545.5	1539.0	210
June	-	-	-	-	-	0

Estimated volume 7,658 Total Open Interest 7,595

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9060	1.8951	1.8765	1.8522	1.8145

IMM-STERLING $s per £

	Latest	High	Low	Prev
Mar	1.8850	1.8890	1.8838	1.8754
Jun	1.8620	1.8630	1.8600	1.8508
Sep	-	1.8420	-	1.8302

BASE LENDING RATES

	%		%		%
ABN Bank	14	Co-operative Bank	14	Nat Bk. of Kuwait	15
Adam & Company	14	Coutts & Co	14	NatWestminster	14
Allied Trust Bank	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
● Henry Ansbacher	14	Duncan Lawrie	14	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
● B & C Merchant Bank	14	Exeter Bank Limited	14½	Royal Bk of Scotland	14
Bank of Baroda	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Ireland	14	Girobank	14	Unibank plc	14
Bank of India	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of Scotland	14	● Hambros Bank	14	United Mizrahi Bank	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Western Trust	14
Benchmark Bank	14	● Hill Samuel	14	Westpac Bank Corp.	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Whiteaway Laidlaw	14
● Brown Shipley	14	Hongkong & Shangh	14	Yorkshire Bank	14
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates firm

RATES WERE higher in London yesterday with the longer end of the market particularly firm following the failure of talks between the US and Iraq to solve the Gulf crisis.

This dashed the optimism seen on Wednesday when it was hoped that a peaceful solution in the Gulf might result in an early reduction in bank base rates.

Three-month sterling interbank rose to 13 15/16-13⅞ per cent from 13⅞-13¾ and 12-month money firmed to 13 1/16-12 15/16 per cent from 12⅞-12¾.

UK clearing bank base lending rate 14 per cent from October 8, 1990

Sentiment weakened on Liffe with the collapse of the Gulf talks. March short sterling futures opened at the day's high of 87.00 and quickly fell through support at 86.95 to a low of 86.85. This was just above the next support point of 86.82. The contract closed at 86.92 compared with 87.11 on Wednesday.

On the London money market the Bank of England initially forecast a day-to-day credit shortage of £500m, but revised this to £700m at noon.

Total help of £610m was provided. Before lunch the authorities bought £503m bills outright, by way of £5m Treasury bills in band 2 at 13¾ per cent and £498m bank bills in band 2 at 13¾ per cent. In the afternoon £107m bank bills were purchased in band 2 at 13¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,029m, with the unwinding of bill repurchase agreements absorbing £1,173m and a rise in the note circulation £15m. These outweighed exchequer transactions adding £1,670m to liquidity and bank balances above target of £50m.

In Frankfurt call money was steady at 8.55 per cent, remaining above the Bundesbank's Lombard emergency funding rate of 8.50 per cent.

Dealers said that banks continued to use their Lombard borrowing facilities in order to build up reserve holdings, fearing that rates may move higher later in the month. The draining of DM3.8bn from a tight market by the Bundesbank at this week's securities repurchase tender was regarded by some traders as a warning that the authorities will tighten monetary policy soon.

Lombard borrowings stood at DM13.8bn on Wednesday, rising from DM7.6bn on Tuesday. This was the highest level for almost 11 months.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan 10) 3 months US dollars		6 months US Dollars	
bid 7 3/16	offer 7 5/16	bid 7 3/16	offer 7 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	9½	One month	6.68	Three year	7.35
Broker loan rate	9	Two month	6.65	Four year	7.62
Fed.funds	6 5/16	Three month	6.40	Five year	7.77
Fed funds at intervention	-	Six month	6.56	Seven year	8.06
		One year	6.61	10-year	8.19
		Two year	7.11	30-year	8.40

Jan 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.50-8.60	8.90-9.00	9.10-9.20	9.20-9.35	9.35-9.50	8.50
Paris	9 11/16-10⅛	-	-	-	-	9.25
Zurich	7⅞-8⅛	8¾-9	-	8⅝-8⅜	-	-
Amsterdam	8.75-8.87	9.25-9.35	-	9.46-9.56	-	-
Tokyo	8-8⅛	8⅛-8⅜	-	8⅛-8⅜	-	-
Milan	12½-12¾	13-13⅛	-	13-13⅜	-	-
Brussels	7.70	9⅞-10	-	9 15/16-10 1/16	-	-
Dublin	10⅝-10¾	11⅛-11¼	11⅛-11⅜	11¼-11½	11½-11⅝	-

LONDON MONEY RATES

Jan 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	14	14⅛	14	13⅝	13⅛
Interbank Bid	12	13⅞	14	13⅞	13 7/16	12⅞
Sterling CDs	-	-	14 1/16	13 15/16	13½	12 15/16
Local Authority Deps.	13⅞	13⅞	14 1/16	13⅞	13 7/16	13
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	13⅞	13⅞	13⅞	13	-	-
Company Deposits	-	-	14⅛	13 15/16	13½	13
Finance House Deposits	-	-	14 1/16	13 15/16	13½	13
Treasury Bills (Buy)	-	-	13 11/16	13 11/16	-	-
Bank Bills (Buy)	-	-	13 11/16	13⅝	12⅝	-
Fine Trade Bills (Buy)	-	-	14 1/16	14	13¼	-
Dollar CDs	-	-	7.22	7.35	7.35	7.45
SDR Linked Dep. Offer	-	-	8¼	8 11/16	8 11/16	8 11/16
SDR Linked Dep. Bid	-	-	8⅛	8 9/16	8 9/16	8 9/16
ECU Linked Dep Offer	-	-	10¼	10 5/16	10⅝	10⅝
ECU Linked Dep. Bid	-	-	10⅛	10⅛	10 7/16	10 7/16

Treasury Bills (sell); one-month 13 11/16 per cent; three months 13⅝ per cent, six months 12 9/16 per cent; Bank Bills (sell): one-month 13 11/16 per cent; three months 13 11/16 per cent; Treasury Bills: Average tender rate of discount 13.0782 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1990. Agreed rates for period Jan 26, 1991 to Feb 25, 1991, Scheme I. 14.54 p.c., Schemes II & III: 15.09 p.c. Reference rate for period Dec 1, 1990 to Dec 31, 1990. Scheme IV&V. 13.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from January 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

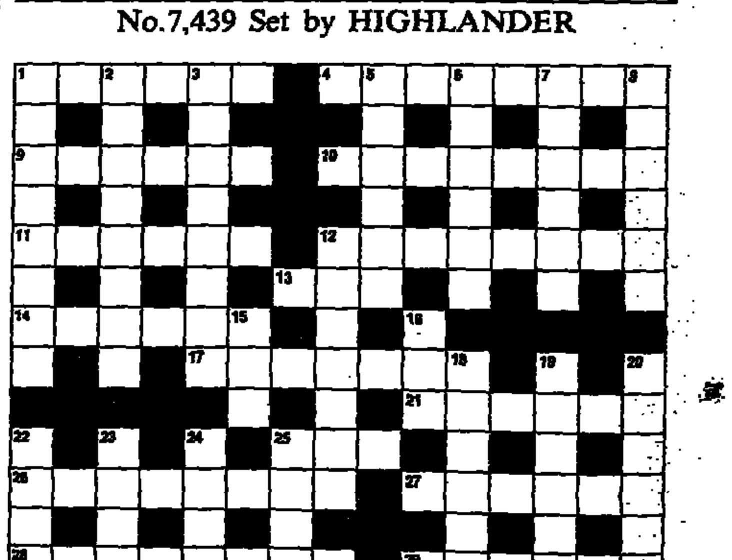
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,439 Set by HIGHLANDER



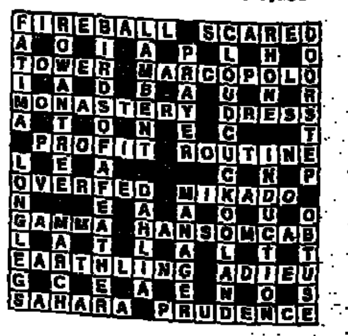
ACROSS

1 Kipling's hero put on old eastern clothing (6)
4 Notice connection inside is cut (8)
9 It's simply because I go in the city (6)
10 Shut leaders of the European delegation in a small private room (8)
11 Ride round an hour to unknown statue (6)
12 He lives on another level – with a view, one hears (8)
13 Tease the little one (3)
14 A bed for every fish (6)
17 Union reunion – country style (7)
21 Worked up after parking Rover (6)
25 Modest but firm – something unknown (3)
26 Act more outrageously in order to confuse (8)
27 Organised peak turnover from flat (6)
28 Run-in requires guts (8)
29 Mechanic would be more appropriate (6)
30 Very French: you're saying there's a hidden fortune? (8)
31 For example prize includes first-grade container of food (6)

DOWN

1 A reminder – observe what orientals drink (8)
2 Something distorted by wrong emphasis (8)
3 No interminable hesitation; not any more (2,6)
5 Layabout: everything evil (6)
6 After this month take over the French station (6)
7 Get cracking – you've achieved nothing by sex appeal (2,2,2)
8 Fagin's artful talent scout was a shifty so-and-so (6)
12 Choose an opening sound for bullfighter (7)
15 Politician's stand; part of Lord's stand (3)
16 The Liberal party's peak (3)
18 Producing elastic (8)
19 The sort of profit in conjuring that's attractive (8)
20 A pendant – that's sweet (4-4)
22 Take exception to motive (6)
23 Waste disposal includes hospital bandage (6)
24 Was lay-off in perpetuum? (6)
25 Weinstock (one hears) need marketing man (one hears) (6)

Solution to Puzzle No.7,438



WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices January 10

INDICES

NEW YORK

DOW JONES	Jan. 9	Jan. 8	Jan. 7	Jan. 4	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2470.30	2509.41	2522.77	2566.09	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.63	91.54	91.71	91.94	93.04 (3/1/90)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	895.80	898.05	894.30	909.11	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.85	206.93	205.67	207.94	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2562.38 (2535.64) Low 2456.19 (2506.68)

STANDARD AND POOR'S	Jan. 9	Jan. 8	Jan. 7	Jan. 4	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	311.49	314.90	315.44	321.00	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	364.90	369.16	369.64	375.97	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	21.96	22.12	22.34	22.88	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	170.97	172.61	173.07	175.95	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	298.12	299.78	300.18	303.05	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	357.45	359.00	360.24	367.24	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan. 4	Dec 28	Dec.21	year ago (approx.)
Dow Industrial Div. Yield	4.02	3.92	3.92	3.84
	Jan. 2	Dec 26	Dec.19	year ago (approx.)
S & P Industrial div. yield	3.35	3.31	3.32	2.86
S & P Indl. P/E ratio	15.76	15.92	15.88	15.19

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Pan Am Corp	4,831,500	¼	- ½
Blockbuster	2,879,500	26	+ 2⅝
Phillip Morris	2,416,900	48½	- ¼
Limited Inc.	2,395,900	18¼	- ⅛
Gen Electric	2,257,200	54⅛	- ⅛
IBM	2,075,500	106⅞	- 2⅛
Wal-Mart Stores	1,726,500	28½	- ⅝
Gen Motors	1,685,600	31½	- ¼
Pepsico	1,649,300	24⅜	...
Am T & T	1,629,500	29¼	- ⅝

TRADING ACTIVITY

† Volume (Millions)	Jan. 9	Jan. 8	Jan. 7
New York	191.100	143.390	130.610
Amex	13.835	10.031	10.287
NASDAQ	145.776	111.726	109.461
Issues Traded	1,990	2,000	1,993
Rises	578	558	346
Falls	949	926	1,222
Unchanged	463	516	425
New Highs	10	4	10
New Lows	62	59	39

CANADA

TORONTO	Jan. 9	Jan. 8	Jan. 7	Jan. 4	1990-91 HIGH	1990-91 LOW
Metals & Minerals	2632.06	2648.61	2650.66	2677.34	3453.05 (4/1/90)	2486.60 (8/11/90)
Composite	3169.64	3182.42	3201.00	3216.59	4009.47 (3/1/90)	3009.91 (16/10/90)
MONTREAL Portfolio	1686.89	1697.88	1700.23	1707.69	2060.90 (3/1/90)	1607.24 (16/10/90)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 10	Jan. 9	Jan. 8	Jan. 7	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1233.7	1232.5	1236.9	1239.4	1713.7 (12/1/90)	1232.5 (9/1/91)
All Mining (1/1/80)	567.6	567.6	573.3	569.6	860.8 (5/1/90)	567.6 (9/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	407.11	409.61	406.99	419.13	703.29 (19/3/90)	400.98 (25/9/90)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4764.96	4775.05	4771.84	4823.05	6599.43 (12/1/90)	4764.96 (10/1/91)
DENMARK						
Copenhagen SE (3/1/83)	302.83	303.31	302.26	303.22	388.29 (20/7/90)	302.26 (8/1/91)
FINLAND						
Unitas General (1975)	349.7	348.4	357.3	368.3	677.3 (23/1/90)	348.4 (9/1/91)
FRANCE						
CAC General (31/12/82)	406.65	407.62	402.47	412.70	564.62 (30/5/90)	402.47 (8/1/91)
CAC 40 (31/12/87)	1507.09	1552.19	1502.77	1507.87	2129.32 (20/4/90)	1485.39 (25/9/90)
GERMANY						
FAZ Aktien (31/12/58)	593.65	591.18	585.23	588.34	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1679.30	1673.1	1654.5	1661.7	2414.0 (3/4/90)	1628.7 (28/9/90)
DAX (30/12/87)	1383.40	1375.16	1353.95	1358.16	1968.55 (30/3/90)	1334.89 (28/9/90)
HONG KONG						
Hang Seng Bank (31/7/64)	3035.53	3027.60	3009.42	3026.52	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1148.27	1162.26	1143.08	1157.82	1893.10 (22/1/90)	1143.08 (8/1/91)
ITALY						
Banca Com. Ital. (1972)	509.64	511.32	510.63	518.87	763.52 (14/6/90)	500.67 (29/11/90)
JAPAN						
Nikkei (16/5/49)	23047.36	22969.27	22897.84	23736.57	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	1679.08	1671.10	1677.93	1723.92	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	2587.80	2608.77	2640.36	2688.65	4477.16 (16/7/90)	2587.80 (10/1/91)
MALAYSIA						
KLSE Composite (4/4/86)	481.78	485.42	485.64	495.63	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Tel.Rtn.Gen.(End 1983)	226.5	228.4	226.3	227.8	271.9 (20/7/90)	225.6 (8/11/90)
CBS All Shr (End 1983)	166.0	167.4	166.0	167.0	206.3 (3/1/90)	165.6 (8/11/90)
NORWAY						
Oslo SE (Ind) (2/1/83)	627.60	636.51	636.98	644.69	915.13 (2/8/90)	627.60 (10/1/91)
PHILIPPINES						
Manila Comp (2/1/85)	582.64	586.83	593.78	601.97	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	320.67	322.30	319.89	324.34	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1313.0	1316.0	1338.0	1312.0	2230.0 (16/1/90)	1111.0 (18/12/90)
JSE Industrial (28/9/78)	2922.0	2923.0	2913.0	2964.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	635.46	660.39	659.68	676.65	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	218.30	224.97	218.07	221.00	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	820.8	820.5	808.4	817.6	1329.9 (5/7/90)	808.4 (8/1/91)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	607.7	613.2	606.2	611.9	845.5 (13/7/90)	606.2 (8/1/91)
SBC General (1/4/87)	501.1	505.8	499.3	504.4	698.2 (13/7/90)	499.3 (8/1/91)
TAIWAN**						
Weighted Price (30/6/66)	3908.21	4052.78	3975.53	4191.07	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	591.04	595.82	590.37	595.36	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) (s)	446.2*	447.2	444.0	448.7	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday January 5: Taiwan Weighted Price: 4456.27. Korea Comp Ex. 698.45.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 10 January 1991

	Stocks Traded	Closing Prices	Change on day
Honshu Paper	10.0m	1,280	-200
Nippon Steel	8.7m	448	-5
Furukawa Elec	8.7m	721	+21
C.Itoh	8.3m	710	+17
Chiyoda Corp	7.3m	1,810	+130
Hitachi	6.0m	1,110	+30
Kurabo Inds	5.0m	880	-28
M'bishi Heavy	4.1m	665	+8
Shimizu Corp	3.9m	1,630	+20
S'tomo Metal	3.5m	480	+5

3pm prices January 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
35⅞	9¼	AAR	.48	4.6	9	132	10⅝	10⅜	10⅜	+ ⅛
9½	7⅞	ACM	n1.03e	12.		118	8⅞	8¾	8⅞	+ ⅛
11⅜	8¾	ACMIn	1.26	12.		980	10¾	10½	10⅝	
8¼	6½	ACM M	n1.01	13.		186	7⅞	7¾	7¾	
12¼	10	ACMMM	1.50	12.		219	12¼	12⅛	12⅛	
11½	8⅝	ACM Sc	1.26	12.		1171	10¾	10⅝	10¾	+ ⅛
9⅞	7¼	ACMSp	1.01	12.		282	8⅝	8½	8½	
25¾	17	AL Lab	.16	.7	18	82	22¼	22⅛	22⅛	– ⅛
4⅛	1	AM Intl				360	1⅜	1⅜	1⅜	
18⅞	4⅛	AM In pf	2	26.		12	7⅞	7⅝	7⅞	+ ⅛
70¼	39¾	AMR			14	2267	46⅝	45½	46½	+ ⅞
24⅝	22½	ANR pf	2.12	9.4		1	22½	22½	22½	
4	1¼	ARX				2	1¼	1¼	1¼	
72⅛	38¼	ASA	3	6.4		555	47⅞	46¾	46⅞	– 1
3½	1⅞	ATTC wt				166	2⅞	2¾	2⅞	+ ⅛
46⅞	31¼	AbtLab	s.84	2.1	19	3725	40⅞	40¼	40⅞	
14	9⅞	Abitibi	g.50			30	10	10	10	+ ⅛
11⅝	4½	AcmeC	.40	8.0	11	293	5	5	5	– ⅛
9⅛	5	AcmeE	.32	6.2	9	10	5⅛	5⅛	5⅛	+ ⅛
32⅛	18⅞	Acuson	s		21	1175	26¼	25⅝	26	+ ¼
18⅞	14⅛	AdaEx	1.72e	12.		94	14⅞	14⅝	14⅝	+ ⅛
14½	6⅝	Adobe				91	6⅞	6⅞	6⅞	
19⅞	16	Adob pf	1.84	11.		8	16⅞	16⅞	16⅞	+ ¼
21⅝	18⅞	Adob pf	2.40	13.		13	19	19	19	
11⅝	3⅝	AMD				2864	5	4⅞	4⅞	+ ⅛
32⅞	13	AMD pf	3	15		39	20	19½	19⅞	+ ⅝
58⅞	29	AetnLf	2.76	8.1	8	1221	34⅝	34¼	34¼	+ ¼
11⅞	6¼	AfilPb	.24	3.1		338	7⅞	7½	7⅞	
22½	10⅝	Ahmans	.88	7.0	5	1192	12¾	12½	12⅝	+ ⅛
3⅝	1⅞	Aileen			7	5	3⅛	3⅛	3⅛	– ⅛
61	42⅞	AirPrd	1.44	2.8	13	1064	52⅞	51¾	52¼	+ ⅞
27	13½	AirFrt s	.30	1.7	9	376	17⅞	17⅜	17½	+ ¼
20	11¼	Airgas			16	68	13¼	12⅞	12⅞	

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
3⅝	5-16	Zapata				397	15-16	13-16	⅞	+ 1-16
8⅞	3	Zemex				10	4¼	4⅛	4⅛	- ⅛
13⅞	4	ZenithE				864	7	6⅝	6⅞	+ ¼
16¾	9⅞	ZenNtl	1	7.6	9	17	13⅛	13⅛	13⅛	
7½	4⅜	Zenix	.90	20.		8	4⅝	4½	4½	+ ⅛
17⅛	9⅞	Zero	.40	3.6	12	481	11⅛	11	11	- ¼
61⅛	29⅝	Zurnin	.88	2.8	14	166	32	31¾	31¾	- ¼
12⅞	10⅛	Zweig	1.07e	10		142	10⅝	10½	10⅝	- ⅛
10	7⅞	ZweigTl	96	11		650	9	8¾	8¾	- ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called d-new yearly low. e-dividend declared or paid in preceding 12 months g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery P/E price-earnings ratio r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date u-new yearly high. v-trading halted vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies wd-distributed wi-when issued ww-with warrants. x-ex-dividend or ex-rights xdis-ex-distribution xw-without warrants y-ex-dividend and sales in full yld-yield z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 10

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
- R - R -							
ReCap		9	164	12⅞	12½	12¾	- ⅛
Riedel			33	6⅛	6	6⅛	+ ¼

NASDAQ NATIONAL MARKET

3pm prices January 10

FINANCIAL TIMES Friday January 11 1991

AMERICA

Dow claws back a fraction of January's losses

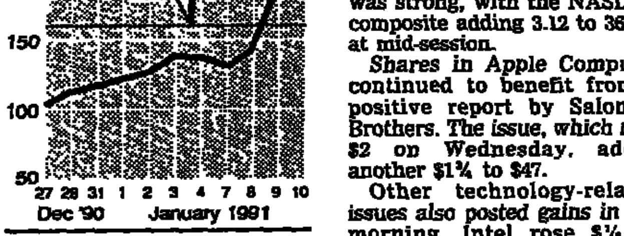
Wall Street

EQUITIES moved broadly higher yesterday morning in fairly lethargic trading following the tumultuous session on Wednesday, *writes Karen Zagor in New York.*

At 2pm, the Dow Jones Industrial Average was 20.79 higher at 2,491.09. But the improvement made only a small dent in the 163.61 point decline registered by the Dow in the first six sessions of this year, including Wednesday's loss of 39.11 to 2,470.30.

The overall sentiment was moderately positive, with

NYSE volume



advancing issues leading those declining on the big board by a ratio of eight to five. Stock prices were helped yesterday by oil prices, which registered only modest gains in spite of the failure of the peace talks in Geneva on Wednesday. At mid-session, the February crude oil contract was up 62 cents at $27.88-a-barrel on the New York Mercantile Exchange.

Pan Am was the most active issue of the morning on the New York Stock Exchange, adding $3/16 to $9/16. Among other airline issues, American Airlines rose $7/8 to $46⅛, Delta Airlines improved $⅝ to $59⅞ and UAL, parent of United Airlines, rose $2⅞ to $114⅞.

Ford Motors added $⅛ to $25⅞ in very heavy morning trading. There had been widespread speculation that the company's board would announce a dividend cut at yesterday's annual meeting. Although the board decided not to change the dividend at present, it might cut it if the US economy remained weak. Trading was also active in General Motors, which rose $¼ to $32. Chrysler gained $⅛ to $12⅛ in fairly light trading.

The Limited firmed $¾ to $19 after the company said its sales for the month ended January 5 rose 13 per cent. Same store sales grew 4 per cent.

General Dynamics increased $⅛ to $21⅞ and McDonnell Douglas was unchanged at $27⅞. Stock prices for both companies lost ground earlier this week after the Pentagon cancelled its A-12 stealth bomber programme.

Blue chip issues moved higher in morning trading, with AT&T up $⅛ at $29⅞, Philip Morris $¼ higher at $48¾ and IBM up $⅞ to $107⅞. Even the secondary market was strong, with the NASDAQ composite adding 3.12 to 360.57 at mid-session.

Shares in Apple Computer continued to benefit from a positive report by Salomon Brothers. The issue, which rose $2 on Wednesday, added another $1¾ to $47.

Other technology-related issues also posted gains in the morning. Intel rose $⅛ to $38⅛. Microsoft climbed $2½ to $76⅛ and Sun Microsystems added $⅜ to $22⅜.

Canada

TORONTO stocks edged higher in dull trade as investors hunted for bargains after six straight sessions of losses. The composite index gained 5.6 to 3,175.2. Advances led declines by 84 to 78 on volume of 3.27m shares.

A block trade of 90,000 shares pushed Carena Developments up C$⅜ to C$11⅛.

Among active shares, CHUM Ltd was flat at C$19¼, Maclean Hunter was unchanged at C$9⅞, and Alcan gained C$¼ to C$22. Laidlaw, which reported higher first quarter net and increased its dividend on Wednesday, firmed C$¼ to C$20¼.

Latin Americans produce the year's best and worst

The effect of austerity measures sent Venezuela and Brazil in opposite directions, says **Jacqueline Moore**

THERE WERE winners among the world's stock markets last year, in spite of the draining effect of the Gulf crisis, and most of them were Latin American. The region produced four of the top five emerging markets in dollar terms, according to the indices compiled by the International Finance Corporation, part of the World Bank.

Last month, there were few market highlights as the Gulf crisis continued to discourage investors. One of the few exceptions was Venezuela, the biggest riser in December and in 1990. The market, which had lost 35 per cent in dollar terms in 1989, has been helped by its oil resources during the Gulf crisis. The attempted takeover of Banco de Venezuela also lifted share prices.

Local opinion, however, is that economic optimism was the main driving force, says Mr Eduardo Faria of Latin American Securities. Investors believe the country is emerging from its period of austerity.

Mr Faria expects shares to rise further this year, but points out that it will be from a higher base. "I doubt that we are going to see the rises we saw through 1990," he says. "But if the government maintains its prudent management of the financial affairs, we could see a very interesting performance in Venezuela."

Chile, Mexico and Colombia made gains of more than 25 per cent in dollar terms last year – compared with rises of 35, 66 and 6 per cent respectively in 1989. Investors were encouraged by Chile's economic performance. The inflation rate for 1990 is expected to come in at 28 per cent, compared with earlier forecasts of more than 30 per cent – and this in spite of the country's heavy reliance on imported oil, says Mr Mark Smith of Bear Stearns. An influx of country funds into Chile earlier in the year also triggered buying.

Mexico had a shaky spell after the Gulf crisis began, on worries about the effects of a US recession. However, the country's position as an oil producer at a time of rising crude prices finally outweighed such concern. Colombia's stock market receives little international attention because of its drugs activities. Nevertheless, local buying lifted the index.

Latin America also produced two of the worst performers last year. Investors took fright in Brazil when the newly elected President Fernando Collor de Mello froze assets in March, while devaluations of the cruzado and further economic gloom dissuaded investors from returning. Brazil had risen 39 per cent in 1989.

A tight monetary policy also depressed Argentina, although the situation was not as clear cut as in Brazil, where the market was all but wiped out, says Mr Faria. The outlook for Argentina in 1991 is more optimistic, he says, with inflation expected to fall further and privatisations to continue, although an expected further devaluation of the currency could introduce a note of uncertainty. Argentina had jumped 136 per cent in 1989.

The only non-Latin American in the top five was Greece, which built upon an advance of 68 per cent for 1989. The bourse shot up early last year as the locals switched from gold and property to stocks. Although the Gulf crisis eroded that gain, the market was helped last month by news of a tax on interest earned from bank deposits, making equities more attractive.

International worries were not focused solely on the Middle East. The prospect of a slowdown in the US economy weighed on economies largely dependent on exports, such as Taiwan, which had jumped 95 per cent the previous year.

East Asia also produced the second worst market last year in dollar terms, the Philippines, which had gained 57 per cent in 1989. Mr David Bates of Asia Equity (UK) details a long list of the woes that afflicted Manila. They included the devaluation of the currency; new restrictions on the conversion of pesos into foreign currency; the rising oil price; the falling gold price; yet another serious coup attempt; and a devastating earthquake.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Dec. 28 1990 (Dollar terms)	% Change over 4 weeks (Dollar terms)	% Change on Dec '89 (Dollar terms)	Dec. 28 1990 (Local currency terms)	% Change over 4 weeks (Local currency terms)	% Change on Dec '89 (Local currency terms)
Latin America							
Argentina	(24)	261.49	−6.3	−37.7	8,216,980	+2.3	+159.8
Brazil	(56)	40.03	−10.4	−67.7	1,972,221	+3.1	+360.5
Chile	(28)	813.47	+13.4	+31.4	2,116.38	+15.3	+50.5
Colombia	(20)	288.19	−0.2	+26.5	1,323.40	−0.2	+56.4
Mexico	(54)	730.17	+1.1	+25.2	11,132.47	+1.6	+37.5
Venezuela	(13)	493.18	+19.7	+555.0	3,270.80	+20.1	+648.9
East Asia							
Korea	(63)	339.59	−2.5	−26.6	293.40	−2.6	−22.6
Philippines	(29)	367.84	+2.3	−55.0	1,194.59	+3.1	−43.8
Taiwan, China	(64)	644.06	−1.3	−51.2	434.61	−1.7	−50.1
South Asia							
India	(60)	237.16	−10.8	+16.1	345.91	−10.4	+25.1
Indonesia§	(72)	99.14	+10.5	−0.9	104.22	+11.8	+4.2
Malaysia	(62)	125.53	+7.5	−17.4	140.44	+7.9	−17.0
Thailand	(34)	269.80	+9.4	−27.6	270.08	+10.7	−28.5
Europe/Middle East							
Greece	(26)	529.28	+2.2	+87.9	656.01	+5.4	+91.2
Jordan	(25)	90.06	+2.4	−2.7	153.10	+2.4	−2.2
Portugal†	(27)	451.18	−4.4	−33.8	396.94	−1.0	−39.5
Turkey‡	(18)	181.23	−10.4	−25.3	698.56	−6.0	−4.9

Source, International Finance Corporation. Base date: Dec 31, 1984. §Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.

EUROPE

Late-closing bourses shed most of Wednesday's gains

LATE-CLOSING bourses had more to lose yesterday after the excitements of Wednesday afternoon, and this was reflected in a number of indices, *writes Our Markets Staff.*

PARIS lost most of the previous day's gains in moderate turnover. The CAC 40 index, which had risen 49.42 on Wednesday, fell 45.10 or 2.9 per cent yesterday to 1,507.09.

Buying concentrated on companies most likely to benefit from a war in the Gulf. Elf Gabon, the oil producer, jumped FFr129 or 9.5 per cent to FFr1,490, with 26,975 shares traded; Thomson-CSF, the defence electronics group, rose FFr5.60 or 4.5 per cent to FFr130.20, on 462,200 shares. These two accounted for much of the day's turnover of FFr1.96bn by the close.

Peugeot fell FFr18.20 to FFr473. The carmaker's UK unit plans to cut another 335 jobs after a fall in demand.

Sanofi, the pharmaceutical company, rose FFr5 to FFr758 before falling to a low of FFr739, and recovering to close only FFr4 down at FFr749. It was suspended on Wednesday for the expected news of a joint venture with Sterling Drug of the US, which had a positive response from analysts.

MADRID retreated after Wednesday's 2.5 per cent rise, the general index falling 6.67 or 3 per cent to 218.30. Ercros was suspended at Pta630, down Pta30, amid talk that it was planning to sell Ertoil, its refining company.

FRANKFURT showed a rise on the official trading day, the DAX index closing 8.24 higher at 1,383.40 after a 2.47 rise to 593.65 in the FAZ at midsession. Volume rose from DM3.3bn to DM5bn.

However, the DAX rise was exceeded by gains in the heavily weighted chemical stocks; and it masked falls in other blue chips, compared with post-bourse prices on Wednesday afternoon.

Mr Jens Wiecking of Merck Finck in Düsseldorf noted that Deutsche Bank and Siemens, in Wednesday's post-bourse, were quoted about DM10 higher than the official close. Yesterday, over the official session, they showed a fall of DM1.50 to DM509, and a rise of DM4.60 to DM580, respectively.

BASF, Bayer and Hoechst rose DM4.90 to DM208.40, DM6.80 to DM221 and DM2.40 to DM210.50. Cyclicals like these stand to lose from a Gulf war, but they do offer a high yield to domestic shareholders – and, said Mr Wiecking, they might be regarded as defensive in that context.

MILAN limited its losses in spite of the higher oil prices, as traders covered their short positions before the close of the account next week. The Comit index fell 1.68 to 509.64.

Generali, boosted by reports that the Milan merchant bank Mediobanca's stake had risen to more than 7 per cent from 5.8 per cent, closed up L100 at L29,280. The reports also said that the bank was buying on behalf of Generali's ally, Axa-Midi of France.

Fiat, which said it planned to lay off 65,000 workers for five days in February to reduce stocks, eased L47 to L5,271.

AMSTERDAM lost Wednesday's late gains in very thin trading. The CBS Tendency index finished 1.2 lower at 78.1, after touching a low of 77.8.

Pakhoed, the transport and storage company, fell a further Fl 3.50 to Fl 179 and dealers said there was still stock on offer at the close.

NatNed, which has risen strongly recently on talk of Swiss buying, fell back Fl 1.60 to Fl 52.50 on reduced volume.

CSM, the sugar and prepared food group, was 60 cents lower at Fl 80.90. Towards the close, it announced that it was raising its dividend to Fl 2.05 for the year to September 30, 1990, from Fl 1.85 a year earlier.

ZURICH saw reports of a large sell order in Roche, moderate trading and a 5.3 decline in the Crédit Suisse index to 441.7. Roche certificates dropped SFr80 to SFr3,600, but the bearers eased just SFr10 to SFr6,520.

OSLO's all-share index fell 6.68 to 420.88 in turnover of about NKr250m. Norsk Hydro fell NKr5.5 to NKr168.5. Banks continued to be under pressure in spite of a government proposal to set up a NKr5bn support fund. DnB was at a new low of NKr86, down NKr2.

BRUSSELS fell in thin volume with Petrofina, up BFr460 on Wednesday, falling BFr340 or 3.4 per cent to BFr9,600. Cockerill-Sambre, the steelmaker, shed BFr5 or 3.6 per cent to BFr135 in 28,000 shares as it looked for a significant fall in profits this year.

ISTANBUL tumbled 10.2 per cent on panic selling after the failure of the Geneva talks. The 75-share index closed at 3,017.74, down 342.5. Volume rose to L56bn from L50.9bn.

ATHENS eased, with the general index down 19.14 or 2 per cent at 9,39.00.

SOUTH AFRICA

GOLD SHARES ended mixed in Johannesburg yesterday after a day of nervous trading. The all-gold index fell 3 to 1,813, as investors' attention focused on the forthcoming United Nations visit to Iraq. Vaal Reefs rose R1 to R228.

ASIA PACIFIC

Nikkei recoups early loss and ends higher

Tokyo

JAPANESE stocks rose yesterday, to the surprise of many traders who had braced themselves for a fall following the breakdown of the US-Iraq talks and the resulting slide on Wall Street. The Nikkei average declined in the morning, but more than retrieved the loss in the afternoon, *writes Emiko Terazono in Tokyo.*

The index closed up 78.09 at 23,047.36 after a high for the day of 23,184.75. It had fallen to a low of 22,711.91 straight after the opening on disappointment over the lack of progress at the Geneva talks.

The Nikkei regained its strength on options-related buying as January option contracts expired yesterday. A decline in bond yields also helped the market. The yield on the 10-year 119 benchmark fell 0.075 of a percentage point to 6.89 per cent.

Volume remained thin and was unchanged at 260m shares. Declines outnumbered gains by 508 to 421, with 153 issues unaltered. The Topix index of all first section stocks moved up 7.98 to 1,679.08, but in London the ISE/Nikkei 50 index receded 7.07 to 1,308.14.

Chiyoda, a leading plant engineer with projects in the Middle East, advanced Y130 to Y1,810. Arabian Oil gained Y110 to Y7,000 in spite of the fact that Kuwait and Saudi Arabia are major shareholders. The company announced yesterday that it would repatriate some Japanese workers from its production site in Saudi Arabia.

Toshiba firmed Y9 to Y709 on reports that it had been selected by Nippon Telegraph and Telephone to co-develop an automated teller machine.

Honshu Paper, a speculative favourite last year, was the most active stock of the day and fell by its daily limit of Y200 to Y1,260.

Non-ferrous issues were firm on the higher gold price in New York. Sumitomo Metal Mining gained Y60 to Y1,170.

C.Itoh rose Y17 to Y710. The company is to invest $100m in the reconstruction of an oil plant in the Soviet Union.

High-technology issues firmed as concern over margin positions taken last summer receded. Sony put on Y90 to Y6,040 and TDK Y180 to Y4,260. Pioneer Electronics gained Y50 to Y4,100, partly on unfounded rumours that Paramount Communications, the US film maker, had said it wanted to buy the company.

Furukawa Electric climbed a further Y21 to Y721. The company announced on Monday that it had developed a high-temperature superconductivity magnet. Japanese securities houses have also been promoting the issue as it was considered cheap in the electric wires and cables sector.

In Osaka, share prices rallied for the first time in six trading days. The OSE average rose 96.32 to 24,043.56 on volume of 54.2m shares. Nintendo gained Y800 to Y17,700 as worries over margin positions subsided.

Roundup

MARKETS in the Pacific Rim were depressed by Wednesday's failure of US-Iraq diplomacy in Geneva, but some finished higher after Tokyo's rise.

TAIWAN fell sharply, although bargain hunting in the last few minutes lifted the weighted index off the day's low to close at 3,808.21, down 244.57 or 6 per cent. Turnover eased to T$21.5bn from T$27bn.

SEOUL dropped 3.8 per cent, the composite index losing 24.93 to 635.46 as turnover rose to Won156bn from Won135bn.

MANILA declined after the US warned it not to provoke a confrontation over America's military bases, although bargain hunting brought some relief. The composite index shed a net 4.19 to 582.64.

AUSTRALIA ended firmer for the first time in six sessions, the All Ordinaries index closing 1.2 up at 1,233.7, after losing 9.5 points earlier. Turnover shrank from A$174m to A$140m, one third of which was attributed to options-related activity in BHP, which rose 6 cents to A$9.50.

HONG KONG rallied further in slightly more active trading, the Hang Seng index adding 5.98 at 303.58. Turnover came to HK$452m, after the previous day's HK$354m.

NEW ZEALAND finished above the day's worst but with the Barclays index still down 11.22 at 1,161.06, another seven-year closing low.

SINGAPORE ended off its low for the session, with the Straits Times Industrial index losing only 1.00 at 1,166.29.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WED JAN 9 1991: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUE JAN 8 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	113.10	−0.9	87.04	95.80	88.96	97.18	−0.4	7.87	114.07	88.73	96.35	90.83	97.53	158.31	113.10	155.20
Austria (19)	183.18	+1.5	140.97	155.17	144.09	144.00	+0.2	1.90	180.54	140.43	155.66	143.75	143.71	285.63	178.57	215.77
Belgium (60)	126.88	+1.0	97.64	107.46	99.80	97.78	−0.1	5.96	125.56	97.67	108.25	99.97	97.85	160.02	125.56	158.26
Canada (116)	126.83	−0.9	97.61	107.43	99.76	106.17	−0.5	3.78	127.95	99.53	110.31	101.87	106.73	153.61	121.24	151.59
Denmark (32)	223.42	+2.6	171.94	189.24	175.74	177.38	+1.2	1.69	217.74	169.37	187.74	173.37	175.25	277.62	217.74	247.74
Finland (22)	93.33	+0.3	71.82	79.05	73.41	71.44	−0.7	4.24	93.00	72.34	80.19	74.05	71.95	152.29	93.00	139.15
France (113)	132.26	+3.5	101.79	112.02	104.03	106.54	+2.3	3.86	127.81	99.42	110.19	101.76	104.10	168.85	124.98	156.00
Germany (88)	108.44	+2.2	83.46	91.87	85.30	85.30	+1.0	2.67	106.06	82.50	91.46	84.45	84.45	144.83	101.38	128.96
Hong Kong (48)	122.17	+0.8	94.02	103.48	96.11	122.32	+0.8	5.47	121.18	94.26	104.48	96.49	121.32	147.49	112.24	118.35
Ireland (16)	141.96	+3.1	109.25	120.25	111.67	113.33	+1.9	4.56	137.73	107.13	118.75	109.66	111.25	198.57	137.73	194.78
Italy (91)	75.97	−0.9	58.47	64.35	59.76	64.58	−1.9	3.90	76.63	59.61	66.07	61.01	65.84	109.26	75.73	101.72
Japan (453)	122.29	+1.5	94.11	103.59	96.21	103.59	−0.3	0.82	120.54	93.76	103.93	95.99	103.93	197.26	106.58	188.88
Malaysia (34)	199.68	−0.1	153.67	169.13	157.07	209.41	−0.2	3.21	199.90	155.49	172.35	159.16	209.75	250.89	182.96	236.35
Mexico (12)	564.42	−0.2	434.37	478.08	443.97	1819.54	−0.4	0.38	565.64	439.99	487.70	450.36	1827.51	613.96	324.53	337.02
Netherland (41)	132.19	+2.2	101.73	111.97	103.98	102.93	+1.0	6.22	129.39	100.65	111.56	103.03	101.90	149.03	127.56	142.87
New Zealand (15)	42.08	−2.4	32.39	35.65	33.11	37.78	−2.1	8.97	43.11	33.53	37.17	34.33	38.61	75.36	42.08	73.95
Norway (30)	192.72	+1.2	148.31	163.24	151.59	154.98	−0.1	1.98	190.43	148.13	164.20	151.63	155.15	276.79	190.43	215.56
Singapore (25)	156.71	+0.9	120.60	132.74	123.26	126.99	+0.9	3.30	155.28	120.78	133.88	123.63	125.87	209.24	147.24	189.89
South Africa (60)	181.17	−0.7	139.43	153.45	142.51	135.40	−0.4	4.02	182.45	141.92	157.31	145.27	135.88	251.39	151.50	206.87
Spain (41)	141.23	+4.2	108.69	119.63	111.09	102.18	+2.7	5.48	135.56	105.45	116.88	107.94	99.46	182.25	128.54	182.25
Sweden (27)	151.20	+3.1	116.36	128.08	118.94	126.75	+2.1	3.22	146.60	114.04	126.41	116.73	124.09	234.93	146.60	206.58
Switzerland (65)	88.77	+2.7	68.78	73.50	68.26	68.51	+1.6	3.06	84.48	65.71	72.84	67.27	67.43	109.77	84.48	98.23
United Kingdom (297)	163.96	+2.4	126.18	138.87	128.96	126.18	+1.3	5.54	160.15	124.58	138.07	127.51	124.58	176.18	139.67	163.65
USA (527)	125.95	−1.0	96.93	106.69	99.08	125.95	−1.0	3.96	127.26	98.99	109.73	101.33	127.26	148.95	119.06	140.53
Europe (942)	132.37	+2.3	101.87	112.12	104.13	103.28	+1.2	4.51	129.34	100.61	111.52	102.99	102.06	157.65	124.91	148.30
Nordic (111)	159.49	+2.5	122.74	135.09	125.45	124.89	+1.3	2.43	155.55	120.99	134.12	123.85	123.26	223.29	155.55	197.36
Pacific Basin (650)	121.62	+1.3	93.59	103.02	95.67	103.65	−0.3	1.24	120.01	93.35	103.48	95.56	103.96	192.75	107.82	185.00
Euro – Pacific (1592)	126.33	+1.8	97.22	107.00	99.37	104.27	+0.3	2.64	124.14	96.56	107.03	98.84	103.91	174.18	116.03	169.73
North America (643)	125.91	−1.0	96.90	106.68	99.06	124.66	−1.0	3.95	127.21	98.95	109.69	101.30	125.92	148.43	118.26	141.09
Europe Ex. UK (645)	113.15	+2.3	87.08	95.87	89.03	89.89	+1.1	3.72	110.60	86.03	95.36	88.08	88.88	145.62	109.94	134.38
Pacific Ex. Japan (197)	112.96	−0.2	86.93	95.69	88.86	100.94	+0.1	6.48	113.13	88.00	97.56	90.09	100.85	146.72	112.96	138.32
World Ex. US (1780)	127.14	+1.6	97.84	107.70	100.01	105.08	+0.3	2.69	125.09	97.30	107.86	99.61	104.76	173.77	117.12	169.56
World Ex. UK (2010)	122.00	+0.5	93.89	103.35	95.96	110.07	−0.3	2.81	121.40	94.43	104.68	96.67	110.45	162.00	115.37	157.61
World Ex. So. Af. (2247)	125.39	+0.7	96.50	106.22	98.64	111.50	−0.2	3.12	124.49	96.84	107.35	99.13	111.68	161.84	118.04	157.83
World Ex. Japan (1854)	128.76	+0.3	99.09	109.07	101.30	115.92	−0.1	4.26	128.31	99.81	110.54	102.18	116.01	151.59	124.31	143.85
The World Index (2307)	125.73	+0.7	96.76	106.50	98.91	111.87	−0.2	3.13	124.84	97.11	107.64	99.41	111.85	162.05	118.33	158.13

Lates: prices were unavailble for this edition.

FT LAW REPORTS

Digest of Michaelmas term cases

Imperial Group Pension Trust Ltd
(FT, December 5)

THE ISSUE arose on a summons by the trustees and management committee of the Imperial Group Pension Trust Ltd against the employer company, Imperial Tobacco Ltd, as to whether the company's consent was essential to an increase in pensions. In the absence of investigation of the facts, the court was not in a position to decide whether the company had or had not acted in good faith in withholding its consent. The vice-chancellor stated that while it must be open to the company to look after its own interests financially, the obligation of good faith did require that the company should exercise its rights (a) with a view to the efficient running of the scheme; and (b) not for the collateral purpose of forcing members to give up their accrued rights in the existing fund subject to the scheme. In the absence of any other explanation, it was a fair inference by the pensioners' association that the only reason that the benefits were not being provided in the fund was the company's wish to transfer the surplus to which members were currently entitled to the new scheme where it would belong to the company.

Marcel and Others v Commissioner of Police for the Metropolis and Others
(FT, December 7)

ON THE present motion, the plaintiffs claimed an injunction restraining the police from dealing with documents that the police had seized except for purposes connected with the investigation and prosecution of crime, or in accordance with court order. Granting the injunction, the vice-chancellor stated that when the police or any other public authority used compulsory powers to obtain information and documents from the citizen, the relationship between them was such that the information or documents were received solely for those purposes for which the power was conferred. Equity imposed on the public authority a duty not to disclose them to third parties save under order of the court. The public interest in ensuring that confidential information obtained by public authorities from citizens under compulsion remained inviolate and uncommunicable to anyone was of such importance that it overrode all other public interests, the vice-chancellor stated in acceding to the plaintiffs claim.

Royal Bank of Scotland plc v Cassa di Risparmio dell e Provincie Lombard and Others; Royal Bank of Scotland plc v Istituto Bancario San Paolo di Turino
(FT, December 11)

ON instructions from the importers, six Italian banks requested the RBS to confirm letters of credit, reimbursement for which was to be made to specified banks in the US. Because of suspicions of fraud, the Italian banks were then told to freeze the credits and they revoked their authorisation to the American banks to reimburse RBS. The question of jurisdiction arose in RBS's claim under article 5(1) of the Convention and Jurisdiction of Enforcement of Judgments in Civil and Commercial Matters 1986 concerning the "place of performance of the obligation in question". In striking out the actions, Mr Justice Phillips stated that wherever the reimbursed RBS account might be, the stipulation for use of an American reimbursing bank made America the place of performance of the obligation for the purposes of Article 5(1).

A Cameron Ltd v John Mowlem & Co plc
(FT, December 12)

BY CLAUSE 24.1.4 of building sub-contract form, DOM/1, the adjudicator's decision was binding "until the matters on which he has given his decision have been settled by agreement or determined by an arbitrator or the court". In the instant case an adjudicator was appointed with regard to a set-off due to an alleged failure to observe sub-contract conditions and he decided that that the contractor should pay the sub-contractor a specified sum. The judge held that the adjudicator's award was not definitive of the parties' rights and the adjudication process did not qualify as an arbitration. Dismissing the appeal from that decision, the Court of Appeal held that the adjudicator's decision had an ephemeral and subordinate character which made it impossible for it to be described as a binding award on an arbitration agreement. The Court of Appeal also allowed an appeal against an Order 14 judgment pursuant to the adjudicator's decision as being immediately enforceable, stating that the adjudicator had no power to determine the amount due in accordance with the clauses dealing with interim payments and nor had the court. In the case of disagreement, the correct figure could be determined only by arbitration.

Spiro v Glencrown Properties Ltd and Another
(FT, December 14)

THE plaintiff granted an option to Glencrown to buy property which Glencrown exercised in time. It failed to complete the purchase and Mr Spiro obtained judgment for damages. The question was whether the contract on which he had relied complied with section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, that a sale of an interest in land could only be made in writing and by incorporating all the agreed terms. Mr Justice Hoffmann, finding for the plaintiff, stated that section 2 prescribed formalities for recording the parties' mutual consent. But only the grant of the option depended on consent; its exercise was a unilateral act and it would destroy the very purpose of the option if the purchaser had to obtain the vendor's countersignature to the notice by which it was exercised. Grant of the option imposed an obligation on the vendor contingent on the exercise of the option which, once exercised, both vendor and purchaser came under obligations to perform as if they had concluded an ordinary contract of sale.

In Re Gale
(FT, December 18)

MR Gale sought a patent for an improved method of calculating the square root of a number with the aid of a computer and he put the necessary instructions into the circuitry of a read only memory (Rom) unit. His patent application was rejected on the ground that it constituted a program for a computer and was therefore excluded from patent protection by section 1 (2)(c) of the Patents Act 1977. The judge allowed his appeal and remitted the application to the Comptroller General of Patents Designs and Trademarks to proceed. In allowing the Comptroller's appeal, the Court of Appeal stated that Mr Gale's claim was, in substance, a claim to a computer program, for what his instructions did was to prescribe for the CPU in a conventional computer, a different set of calculations from those normally prescribed when the user wanted a square root. Those instructions did not represent a technical process outside the computer, or a solution to a technical problem within the computer.

Griffiths and Another v Provincial & City Property Company and Another
(FT, December 19)

A JOINT venture company was set up to develop a business park with land belonging to the Stockport Borough Council which granted a lease to the Provincial & City Property Co (PCP) for 199 years. PCP was project co-ordinator and by clause 4, it had to seek the novation of the agreement for the lease in favour of the company. The company went into administration receivership and the administrators sought security for a loan from the bank provided that the lease would be vested in the company. PCP objected. Finding for the administrators, Mr Justice Scott stated that in construing clause 4, the company had a beneficial interest in the lease to take effect in equity immediately. It contained an express declaration of trust and any other construction would leave PCP in a position of preferred creditor. The joint venture was an amalgam of partnership and company but the main asset – the lease – was not vested in the company but retained in the name of PCP. In such a case their insistence of their rights under the joint venture agreement in order to control the administrators' attempts at salvage was objectionable.

Canniford v Smith and Others
(FT, December 21)

MR Canniford was a minority shareholder in two companies. He alleged that he had been wrongfully excluded from participation in their businesses, and that their affairs were being conducted in a manner unfairly prejudicial to his interests as a member. He petitioned under section 459 of the Companies Act 1985 for an order that his shareholdings be purchased or that the companies be wound up. By the present motions he sought an order that individual shareholders should not, until after judgment, have the companies represented on the hearing of the petitions or be involved except for any application under section 127 of the Insolvency Act 1986, on the ground that the dispute was, in substance, between individual shareholders, and that the companies' money should not be expended on their disputes. On the evidence, there was no possible justification for the companies' incurring further expense in taking part in the dispute, Mr Nugee QC stated. That being so they did not get over the first hurdle in *Cyanamid* of showing there was a serious question to be tried.

Aviva Golden

RECRUITMENT

JOBS: Readers solve the mystery of two Englishmen who took up unexpected careers

Where the renegade pirates came from

X – WHICH signifieth that the Jobs column is now entitled to the vote, having reached its 18th birthday yesterday.

Moreover sometime in the past year or so it has published its millionth word. If that makes anyone who happens to have read them all feel weary in the bones, spare a thought for the poor soul who's written 'em.

For me at least, however, the experience has been well worth while, not least because of the resourcefulness of you readers. And never has it been better exemplified than in your response to my appeal for help on December 19.

As some of today's congregation may not have been present on that date, I had better summarise what the problem was. It concerned two of just over 1,500 people who around the seventeenth century found themselves in something of a pickle.

While sailing the Mediterranean they had been captured by Barbary pirates and, to avoid being sold into slavery, had become Muslims only to be subsequently recaptured by Christian forces. That meant they were doomed as renegade heretics unless they could persuade the Inquisition that their conversion had been forcible, and they had stayed true to their first faith.

My question was about the origins of two Englishmen among them who took up employment with the Barbary pirates that captured them. They were John Martin and James Larman (or Lormond or Sarman) described as coming from "Milbrue", some 250 miles from London, which is no longer on the map.

Historian Professor Bartolomé Bennassar, who has studied the Inquisition's files, thought it could be present-day Middlesbrough. But the Tees-side town's Dorman Museum can find no evidence that the place was ever called Milbrue. Hence my request three weeks ago for more likely candidates.

By noon on the day the article appeared, three people had telephoned with ideas. Further calls and letters have since produced a total of almost 75 replies – and, I believe, the solution to Professor Bennassar's problem.

Two readers, respectively in Stratford-on-Avon and Milan, argued that Middlesbrough could be the right place. Although the present town was built from scratch in the 1830s, they say, the village previously on the site was a noted source of seafaring men.

Two more plump for Milbourne, a village 14 miles from Newcastle upon Tyne. A fifth switches from the north-east to the south-west naming Millbay in Devon, which is now enveloped in Plymouth.

But while that switch seems to be in the right direction, it evidently does not quite hit the mark. For all the other 70 replies nominate Millbrook in Cornwall just across the Tamar from Plymouth.

They variously tell me that it has a history of seamanship and possibly shipbuilding too, and that the work the two men took up in their renegade phase was in the best traditions of natives of the same area such as Drake and Hawkins who mingled piracy with trading as a matter of course.

What's more several reveal a local antipathy which – although I'm a frequent visitor to Lyme Regis, a good half mile beyond Devon's eastern border in Dorset – was not known to me before. It is that Devon folk or "Janners" have a dubious opinion of "Jackers" from Cornwall, and vice versa.

Take for instance Peter Rivett, now of Abingdon, who remarks: "As a Janner, I would regard switching sides as just the sort of thing a bliddy Jacker would do! But em makes lovely pasties though."

Overseas costs

NOW to the table below which gives a rough answer to a question regularly tossed at the Jobs column by people considering a move overseas: "If I went to work in so-and-so, how much would it cost to keep up the living standard I have here at home?"

The information comes from the Employment Conditions Abroad consultancy which keeps its subscribing organisations in touch with pay, perks and living costs in some 70 different countries. Since my figures are confined to only nine of them, anyone wishing to know more should contact Barry Rodin of ECA at 15 Britten St, London SW3 3TY; telephone 071-351 7151, fax 071-351 9396.

The table focuses on managers of the nine nations working in each others' native lands. All are of the same rank, typified by the head of a function such as marketing in a medium-sized company.

First, the table shows what their gross salary would be in their home country, expressed in sterling at the average exchange rates of the first fortnight in December. Then we have the sums which, according to ECA's most recent living-cost surveys, the executives would have to pay to keep up their customary pattern of spending on consumer goods both in their native land, and in each of the other eight.

Please note that the spending figures do not represent the full cost of living. They cover only consumer goods and services, including durables, in addition to standard utilities. No account is taken of the price or rent of housing. The reason is that, as folk working abroad often live in accommodation subsidised by their employer, realistic housing-price figures are hard to divine.

When I have published ECA's findings in previous years, the outstanding feature has been the remarkably low consumer spending of Japanese managers wherever they are employed. As may be seen, they are still being incomparably economical, although how they do it is a mystery.

This year, however, there is also the question of the remarkably high spending of managers from Hong Kong who appear in the table for the first time. Mr Rodin's explanation is that executives in Hong Kong are currently having a consumer-goods bonanza, fuelled by big pay increases awarded to keep them in place pending the handover to China in 1997.

Nationality of mid-rank manager*	Gross salary in homeland £	Cost of keeping up own home-country pattern of spending on consumer goods when in: United Kingdom £	United States £	Switzerland £	Netherlands £	Germany £	France £	Australia £	Japan £	Hong Kong £
British	31,600	9,780	9,360	17,190	11,530	11,580	13,400	9,460	20,720	9,770
American	43,030	14,840	10,180	21,650	15,650	14,700	17,400	11,740	24,880	12,270
Swiss	64,470	12,100	10,000	16,940	12,440	12,410	14,300	10,220	21,960	10,670
Dutch	41,680	8,790	7,510	13,730	8,370	9,110	10,620	7,580	16,790	7,900
German	54,310	11,660	9,640	17,470	12,010	11,180	13,790	9,860	21,180	10,290
French	41,420	11,700	9,640	17,940	11,980	11,570	12,580	9,710	21,320	10,190
Australian	28,250	10,280	8,190	15,570	10,700	10,450	12,060	7,720	18,620	8,860
Japanese	58,120	5,500	4,570	8,280	5,770	5,710	6,700	4,550	8,320	4,530
Hong Kong	36,000	18,400	15,720	27,650	18,880	18,460	21,540	15,110	32,000	12,450

* Responsible for function such as marketing in medium-sized company.

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ACCOUNTANCY COLUMN

Leading firms start to feel recession bite

By David Waller

IN LATE December Ernst & Young made 30 qualified audit staff redundant. Although the number is small in comparison with the firm's total head count of 8,000, the job losses mark an important psychological turning point: the recession is at last beginning to catch up with the big firms.

The redundancies also provide a disturbing reminder to the UK's chartered accountants that their hard-won qualification does not guarantee job security for life. Other types of jobs have been axed in the past – Ernst & Young despatched nearly 40 consultants last year – but it is unprecedented in recent years for big firms to shed qualified audit staff.

Furthermore, the redundancies illustrate the fact that accountancy firms are not insulated from the general state of the economy. Medium-sized firms – not least Spicer & Oppenheim that was – felt the cold wind earlier. The insolvency departments of the big six started getting busy 18 months ago. But it is only now that the larger firms are feeling their revenues being squeezed and senior partners are taking the recession seriously.

The big six, and the big eight from which they evolved, acquired their present shape as diversified services conglomerates in the heady years of the mid-to-late '80s. The conditions that created them have patently gone. The vaulting growth, the hallmark of the profession for so long, will be checked. How will they adapt to the abrupt change of pace?

Moreover, many if not most of the partners who run the firms have built their careers in the unusually buoyant conditions of the 1980s. They have known only growth and expansion. How will they cope as the recession deepens?

The recession of the early 1980s provides little guide to what may happen this time round. The firms were then much smaller in absolute terms and provided a much narrower range of services.

The recession afflicted the Midlands and other industrial areas rather than London and the south-east, leaving the big, London-based practices relatively unscathed.

The dearth of mergers and acquisitions activity is having an impact across the board

Talking around the big firms, it is clear that Armageddon is not immediately round the corner: the firms are not bracing themselves for serious contraction and as yet no senior partner sees the need for a material number of redundancies.

It is no surprise to find that insolvency is keeping a lot of people frantically busy. The dearth of mergers and acquisitions activity is having an impact across the board. Special work – such as corporate finance – has tailed off and the demand for some types of consultancy services has slackened. Tax consultants are still able to sell their services.

Audit simply plods along, the unexciting business that it has always been, although some firms have done well out of the modest reshuffling of important audits that followed the mega-mergers among the firms in 1989. To name but a few examples: KPMG Peat Marwick McLintock has picked up Rolls-Royce and Cable & Wireless; Price Waterhouse has gained Christian Salvesen and Guardian Royal Exchange; Ernst & Young won the United Biscuits audit.

Coopers & Lybrand Deloitte has the largest consultancy arm of any firm. "Using the word 'recession' is simplistic," observes Mr Malcolm Coster, head of the division. "We find that different sectors of our market are behaving in different ways. Those companies with high energy costs, or with high borrowings, or those who sell luxury goods, are suffering."

Those types of client, he says, are in the market for cost-reduction exercises and little else. "But plenty of our clients fall outside these categories", and remain buyers of the firm's other consultancy services.

The net result is that in the eight months since the beginning of May last year, staff utilisation in consultancy is down 3 per cent across the board, to 61 per cent, against the same period in the previous year. Nominal growth in fees, which was 30 per cent in 1989-90, is likely to drop to less than the budgeted 20 per cent in the year to May, suggesting real growth of less than 10 per cent. The firm employs 2,000 consultants, of whom "two or three" are leaving each week, according to Mr Coster.

Mr Elwyn Eilledge, senior partner of Ernst & Young, is unwilling to be specific about his firm's figures, but he candidly acknowledges that the firm had a difficult time in its first trading period – the ten months to June last year.

The figures were only finalised, and partners' drawings calculated, at the end of last month. Mr Eilledge admits that the former at least were "very disappointing".

The labour market is, for once, on the side of the firms rather than the qualified staff

The reasons for that have less to do with the recession than with the merger of Ernst & Whinney and Arthur Young. The merger costs – all of which were provided for in the first accounting period – were higher than expected, mainly because of the costs of shuffling the firms' staff from one London office to another. Consultancy performed badly but has now picked up. Mr Eilledge says that while the firm failed to meets its internal budget in the ten months to June, it has been on target in the past six months. "It's the next six months that I'm worried about," he admits. "One takes little comfort from the fact that our insolvency department is absolutely booming."

Mr Eilledge dismisses last month's redundancies as "belt-tightening" and makes the point that the labour market is, for once, on the side of the firms rather than the qualified staff.

That is corroborated by other firms and recruitment consultants: the firms are finding it much easier to keep hold of good, qualified staff who might otherwise have drifted into the City or industry. In time, the pressures that have led to rampant salary inflation will probably ease off, too.

Mr Eilledge makes another point: that the market for audit services – the staple of the firms, providing a guarantee of stable cash flows at a time when transaction-based and other non-recurrent fees are dwindling – is fiercely competitive and the price at which firms are prepared to do audits is dropping.

The fierce competition is not confined to audits: Mr Coster talks of using the recession as an opportunity for Coopers to gain competitive advantage and take its share of the UK market from 15 to 20 per cent.

Mr Brandon Gough, Coopers' chairman, says that he finds the prospect of the battles ahead – fought against a recessionary backdrop – "exciting". However, for many individual accountants – and the weaker firms – the coming months and years are likely to be more alarming than exciting.

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* systems development
* strategic planning – specifically focussed on development through acquisitions as well as organic growth
* responsibility for non-accounting departments

The successful candidate will be aged 30+, a qualified ACA/ACMA/ACCA ideally with post qualification experience gained within a commercial, expanding organisation. Essential personal qualities will include a strong, disciplined approach with well developed interpersonal skills and proven management experience. In addition, they must have the determination to succeed within a professional environment.

An attractive remuneration package will be offered with a flexible salary to ensure the best candidate is attracted, as well as relocation assistance, fully expensed company car etc. Career prospects are excellent.

Interested applicants should contact Richard Wright at Michael Page Finance, Cygnet House, 45/47 High Street, Leatherhead, Surrey, KT22 8AG or telephone him on (0372) 375661.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Newly/Recently Qualified ACA's

Acquisitions/Projects/Strategy....

City to £30,000 + Car + Mortgage

'Corporate Development' is a dynamic and challenging business environment covering numerous financial projects. Our client is a UK blue-chip Merchant Bank who have created a role for a young ambitious Chartered Accountant (24-28) currently with one of the major practices. This high profile role will provide exposure to:–

- ▲ Acquisitions
- ▲ Strategy
- ▲ Projects & European Travel
- ▲ Investment Analysis

You must be self motivated and confident in your ability to perform at the highest level, which means that well developed communication skills will be essential. You must be computer literate and preferably possess some experience of "specials" outside of mainstream auditing.

Having gained your business qualification, this is an ideal opportunity to apply your technical skills within a fast moving commercial environment. A formal induction and training programme ensures you create a smooth and successful transition. Outstanding individuals can expect early recognition and rapid career progression.

Newly/Recently Qualified ACA's seeking a first move into Banking, away from line accounting, should contact STEPHEN BOWIE on 071-404 3155 at Alderwick Peachell & Partners Ltd., 125 High Holborn, London WC1V 6QA. Fax 071 404 0140. Applications are advised to be made promptly.

Alderwick Peachell & PARTNERS LTD

GROUP FINANCE DIRECTOR

Young "High Flyer" for Dynamic Plc

North West c£35,000 + car + share options + benefits

In only two years under a new Chairman, this ambitious Group has laid the foundation to develop a substantial business aimed at the provision of goods and services to clearly defined niche markets.

They have quickly established three profitable divisions, each with scope to grow both organically and by acquisition. A successful introduction to the USM in 1990 has served to provide further funds to make this happen, and has also raised their profile as a group with high potential.

This is an outstanding opportunity to join the Board as a key player in the creation and management of growth. As Group Finance Director and Company Secretary you will report to and work closely with the entrepreneurial Chairman and provide a range of commercial and financial services including group reporting, treasury control and corporate development and finance. Since the group is highly acquisitive you will be involved in targeting and making acquisitions which will include liaison with City institutions and professional advisors. The subsequent integration of such acquisitions will also be your responsibility.

Likely to be in your early 30's, you will be a Chartered Accountant with an excellent academic and professional track record, preferably combining exposure to both corporate finance and commercial management within a Plc environment. You will be hungry for a brief that will be demanding both in terms of total commitment and intellectual ability. Most importantly you will possess the commercial flair, incisive business judgement and interpersonal skills to quickly establish credibility with the Board and the Company's advisors.

The salary and benefits package will reflect the importance of the appointment and will not prove to be a limiting factor in the final selection process.

Interested applicants should forward a curriculum vitae in complete confidence to Alison Hill at Stark Brooks Associates, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ or telephone her on 061 236 1212 (evenings and weekends 061 941 7477).

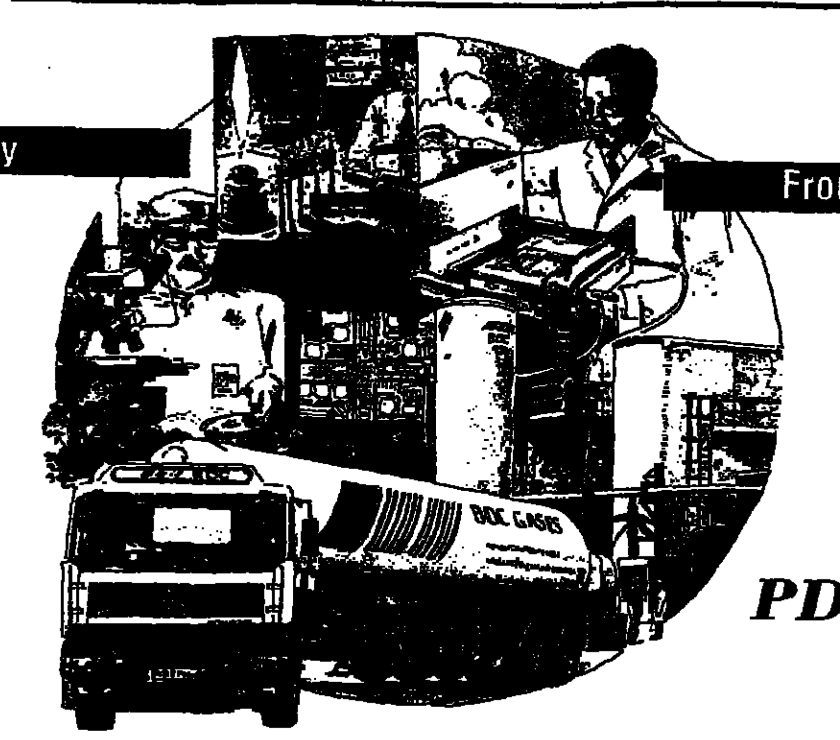
STARK BROOKS ASSOCIATES
Accountancy Recruitment Consultants
MANCHESTER ◆ LEEDS

The BOC Group is one of a *handful of truly* world-class British companies. Their international success has been achieved by becoming world leaders in a range of diverse businesses which include Industrial Gases, Health Care products, Vacuum Technology and Distribution Services. In 1990, the Group's pretax profits reached a record £354 million, turnover rose to £2.8 billion, and their businesses operated in some 60 countries.

GLOBAL AUDIT+

A•U•D•I•T M•A•N•A•G•E•R

Based Surrey



BOC is now looking for a high-calibre Audit Manager to support their world-wide operations. Within broad policy guidelines, you will direct all aspects of the Accounting Control Department based at the Group's International Headquarters. Your duties will include the formulating and scheduling of audit plans, recruiting, training, reporting and administration. Above all it will be necessary for you to form close working relationships with the local Managing Directors and other Divisional and Group managers around the world. The objective is to provide a total business review activity which, not only advises the Main Board of the effectiveness of the controls over the Group's business but also, adds value to the operations themselves through it's business-orientated approach and the high quality of its advice.

Such a challenging role demands an impressive background. A graduate Chartered Accountant in your mid 30's, you will have trained with one of the big firms and gained commercial experience in a line management or senior auditing position within an international company environment. A willingness to travel is essential as a great deal of time will be spent overseas.

From £40,000 + car

The position offers considerable challenge and requires a high level of commitment. In return, the rewards offered are high and will vary according to the experience and potential of the candidate. Benefits include a fully expensed company car and relocation expenses, if appropriate.

Write with full CV, daytime telephone number and salary details, to Patrick Donnelly, quoting ref: FT/075.

PD Consultants
MANAGEMENT-SELECTION
314/316 Vauxhall Bridge Road,
London SW1V 1AA.
Tel:071-828 2273.

Audit Managers

To £40,000 + Car

This client is a major British Group with extensive service sector interests in the UK and overseas. It is a high-profile organisation with substantial financial strength and an experienced tough-minded management.

The two experienced Audit professionals now required will be expected to make a significant contribution to a high-quality audit function. It is a challenging and wide-ranging brief at a level which *concentrates on the major exposures and control issues in the Group* businesses and it will provide a high degree of individual responsibility. Good judgement; professional confidence; considerable drive and determination are essential requirements. Neither manager is expected to remain in audit; it is a secondary objective to use the roles as a testing ground for future top-level management opportunities.

Applicants should be graduate accountants ambitious for a successful commercial career who have several years audit management experience, either handling a relevant portfolio in a major audit firm or holding a responsible internal audit role in another major group. The audit base will be central London with substantial UK and overseas travel.

Please apply in confidence quoting Ref L466 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

Finance Director

In a £½ billion turnover division of a highly successful Plc supplying materials to the civil engineering and construction industry. The business is strategically positioned in Europe with major subsidiaries in high growth markets.

- **RESPONSIBILITY** is to the Managing Director for the achievement of high standards of financial planning, reporting, control and analysis.
- **THE NEED** is for a qualified accountant of considerable ability and energy, preferably a graduate or MBA, with practical experience of European accounting procedures. Language skills would be an advantage.
- **SALARY:** c. £50,000 plus share options and incentive bonus. Age 30s. West Midlands base.

Write in confidence, enclosing Curriculum Vitae, quoting reference 7345/FT to:-

TK
SELECTION
8 Hallam Street, London W1N 6DJ. Telephone: 071-580 6113, Fax: 071-631 5317
A DIVISION OF TYZACK & PARTNERS

Chief Financial Officer

For a long established financial services company, now a wholly owned subsidiary of a major European Insurance Group. There is a programme of rapid expansion.

- **RESPONSIBILITY** is to the Chief Executive for all aspects of the finance function particularly controls and systems. A contribution to strategy will be expected.
- **THE REQUIREMENT** is for a qualified accountant with commercial acumen and proven management skills, aged 35–45; experience of financial services would be preferred.
- **SALARY** is likely to exceed £50,000 p.a. plus generous benefits; North West base.

Write in confidence, enclosing Curriculum Vitae and quoting reference: T7281/FT to:-

TK
SELECTION
8 Hallam Street, London W1N 6DJ. Telephone: 071-580 6113, Fax: 071-631 5317
A DIVISION OF TYZACK & PARTNERS

Finance Director

NORTH WEST • CIRCA £30,000 + CAR

This is a high profile role with a young £8m+ plc poised for substantial growth over the next few years. The company is a volume producer of high technology products to a variety of markets and offers an excellent career opportunity for a commercially minded accountant seeking board level involvement.

The major emphasis of the position will be on overall direction of operations from a strong financial, statutory and administrative base. The person appointed will lead a small team charged with the provision of meaningful financial and management information and will also act as Company Secretary. Continued tight financial control is vital to further improve working capital and exploit the company's considerable growth potential. Candidates, in their thirties and qualified, must demonstrate experience and achievement within a plc and have comprehensive accounting experience including legal, pensions and insurances. As the controlling interest in the company is with a well known worldwide group, the ability to work and relate to larger corporate structures is essential.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1754/FT.

WICKLAND WESTCOTT
HUMAN RESOURCE CONSULTANTS
Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX.
Telephone (0625) 532446

Appointments Advertising

appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Jennifer Hudson
071 873 3607

Richard Jones
071 873 3460

Denise Morrice
071 873 3199

Financial Controller

£35-40,000 + Car + Bonus ***City***

- *Our client is a leading derivative clearer and is a large subsidiary of an international financial group. The operation has enjoyed considerable and sustained growth since its establishment and future plans will continue this trend.*
- *Leading a small team, the Financial Controller will be responsible for the financial management of the business, most importantly operations accounting and the exercise of strict financial controls. In addition, he/she will further develop a new and increasingly important treasury function. The position reports to the Managing Director with a dotted line to the Group Financial Controller.*
- *A Chartered Accountant is required with relevant experience gained in the financial services sector. As well as superior technical skills, candidates will have well developed management abilities and the commercial awareness to enable them to contribute effectively as part of the management team.*
- ***Please send career and personal details, quoting reference FB299, to Frances A Bell, Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.***

ERNST & YOUNG
CORPORATE RESOURCES

INTERNATIONAL NATURAL RUBBER ORGANIZATION

INRO is an inter-governmental commodity organization, with headquarters in Kuala Lumpur, Malaysia. The organization was established under the International Natural Rubber Agreement 1979 and operates under the International Natural Rubber Agreement 1987. INRO invites applications for the post of

SENIOR ACCOUNTANT

The successful applicant will be responsible for the overall accounting and financial functions of the organization and will provide advice to management and members on accounting and financial matters. The salary is at the level of UN scale P3 and ranges from gross (before deduction of staff assessment) US$45,088 to US$61,658 per annum. Additional benefits in accordance with current UN scales would apply.

MAJOR DUTIES AND RESPONSIBILITIES

Under the general guidance of the Executive Director to:

Maintain accurate records of all financial operations and transactions including members' contribution records, purchase and sales of stocks, payroll, provident fund, multi-currency deposits, worldwide inventories, other receipts and disbursements of funds, etc.

Prepare weekly, monthly, quarterly annual and occasional management reports as well as statutory financial statements acceptable to the organization's auditors. Supervise the operation of the organization's bank accounts. Maintain liaison with banks and financial institutions and authorities. Assist in preparation of budgets, and in cash-flow and investment management. Prepare and present reports on these activities to management and committees. Prepare and present occasional papers, as required, on accounting and financial matters to committees.

Manage the internal control system and procedures.

QUALIFICATIONS AND EXPERIENCE

- University degree with a major in accounting and Certified Public Accountant qualification or its equivalent.
- At least five years working in a senior accounting position.
- Computer literacy is essential.
- Some foreign exchange experience is desirable.
- Experience of working in an international environment is preferable.
- Strong personality capable of independent work and the ability to motivate others is essential.
- Ability to communicate effectively is necessary.
- Fluency in English while knowledge of Chinese, French or Russian will be an added advantage.
- Maximum age. 55

The appointment would be from 1 July, 1991 and extend initially until the expiry of the current International Natural Rubber Agreement and extensions thereto, and for subsequent Agreements thereafter.

Applications in English with full curriculum vitae must be received not later than 18 February 1991 by

EXECUTIVE DIRECTOR, INRO,
P.O. BOX 10374, 50712 KUALA LUMPUR, MALAYSIA

MEDWAY PORTS AUTHORITY GROUP

DIRECTOR OF FINANCE - TOTAL PACKAGE c.£50,000 P.A.

The Medway Ports Authority is a progressive and diversified group with a continuous record of growth, now anticipating privatisation in 1991.

Reorganisation and future strategy present an attractive opportunity for a qualified accountant to complete the executive team and make a major contribution to the Group's future.

The ideal candidate is unlikely to be less than 35 years of age, will be from a commercially disciplined financial background and used to controlling the full range of financial services in a competitive and fast changing climate.

The salary and benefits package, including a basic salary of £35,000 per annum, an executive leased car, non-contributory pension scheme and a group profit share, will equate to c.£50,000 per annum.

Applications should be addressed to:-

The Deputy Chief Executive
Medway Ports Authority
Dockyard House
Sheerness Docks
Sheerness
Kent ME12 1RX

Internal Auditor

London

Help the Aged is a professional charity dedicated to providing advice and financial assistance in the care of elderly people.

As our operations continue to expand, we have created a new position reporting to the Executive Director of Finance. The successful applicant will be responsible for the setting up of the internal audit function to ensure that the Charity's accounting and administrative systems are run efficently both at head office and in the field.

This will entail making regular visits to retail outlets and regional offices as well as our trading and housing divisions when you will offer advice on sound, secure and effective methods of financial and stock controls. You will also make recommendations to Management, suggesting the most efficient and cost effective application of systems and procedures, and carry out post project analysis where appropriate.

You should have well developed interpersonal skills, finding it easy to put your ideas across in an informed and friendly way. Ideally with a recognised accounting qualification, it is likely that you will come to us from an accountancy/general management background, having had a wide exposure to various business operations. You must also be computer literate and have sound business acumen. A full driving licence is essential.

Help the Aged offer a salary of around £22,500 plus car and benefits.

Please send full C.V. to Colin Mitchell, Personnel Director, Help the Aged, St. James's Walk, London EC1R 0BE.

Closing date 23rd January 1991.

An equal opportunities employer. Non-smoking offices.

Help the Aged

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Systems Control Manager

Chartered Accountant

c £40,000 + Car

This client, one of the City's leading financial services organisations, is a highly profitable, independent and well-focussed quoted plc, with a clear view of its markets and its corporate role. The Group has a major systems investment and an important programme of developments which include increasing co-operation with external organisations.

In order to strengthen the top management team the new role of Systems Control Manager has been created to upgrade the user interface with IT, to ensure that the right systems are built and accounting integrity is maintained. There is a well-established department of ten to manage, responsible for control over systems and the quality of input and reporting. Enthusiasm for the future development of the systems and good communication skills will evoke a ready response across the organisation.

Applicants should be chartered accountants, trained with a major firm, who have strengths in accounting in addition to audit. Several years relevant commercial experience in a substantial mainframe environment is essential, together with sound management skills. Age guideline 28-35.

Please apply in confidence quoting Ref L467 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

New Technologies in Personal Communication – a New Opportunity in Audit Management

c£35k plus car & benefits

The Cable & Wireless Group is recognised around the world as a major force in the telecommunications industry. Now, with the launch of Mercury Personal Communications, we aim to revolutionise the U.K. domestic market with a new generation of personal telephones.

Over the next four years, through extensive investment and proven expertise, we shall build a cellular telephone network to meet the growing communications needs of the private customer market.

We are now looking for an experienced yet innovative Audit Manager who will join us at our impressive Docklands offices and assess the working methods and business practices within this new company. In order to reach our ambitious goals it is essential that the procedures we adopt will enable Mercury Personal Communications to operate economically and efficiently from the very first day of operation and throughout the rapid expansion of the next four years and into the next century.

This is a senior management role demanding the strength of personality, man management skills and negotiating abilities to shape policies and attitudes within a large and developing organisation. A track record of previous success in a business launch would be an advantage.

You should be a fully qualified accountant with the breadth of financial, commercial and systems experience to assume full responsibility for planning, reviewing and monitoring the development of strategic systems in a continuously changing environment.

As well as a negotiable salary of around £35,000 p.a., you will enjoy a comprehensive benefits package including company car and BUPA.

If you have the combination of energy and experience to play this demanding but rewarding role in the shaping of a major new force in the telecommunications industry please telephone Rachel Hannon on 071-437 0464 or write to her, enclosing brief details of your career to date, at Robert Walters Associates, Recruitment Consultants, Queen's House, 1 Leicester Square, London WC2H 7BP.

Cable and Wireless plc
THE WORLD TELEPHONE COMPANY

APPOINTMENTS ADVERTISING
appears every Wednesday & Thursday (UK) & Friday (in the International Edition only.)
For further information please call:
Jennifer Hudson
071-873 3607

Assistant Group Accountant

c£40K + car + financial sector benefits — Based in the City

Our client is one of the foremost names in the UK insurance industry with an established reputation for sustained growth and excellent customer service.

As a result of recent restructuring, an opportunity has arisen for a qualified accountant to undertake the day-to-day management of the Group Accounts Department within the Company's head office.

This key role requires an exceptional combination of technical accounting skills as you will be organising and controlling the generation of management and financial accounting information from each of the substantial operating Divisions. You will also be instrumental in the development and implementation of corporate accounting strategy at the highest level.

You are therefore likely to be in your mid to late thirties with at least five years broad experience in a corporate financial environment. You should have several years experience of managing and motivating professional staff and a proven capacity to operate close to Board level. We operate a sophisticated computer-based accounting system, so you must be computer literate and have experience in the development of corporate accounting systems.

In return you will be offered an excellent salary and benefits package including a mortgage subsidy and relocation assistance where appropriate.

If you have an outgoing and sociable personality and are capable of working in a changing environment, please send a full cv to Richard Knowles, MSL International (UK) Limited, Broad Quay House, Bristol BS1 4DJ quoting reference number 53216 or alternatively telephone on Bristol (0272) 276617.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

MANAGEMENT ACCOUNTANT ENGINEERING DIVISION

Agent of Change; Facilitating Commercial Success

Swindon — c.£33,000 + car

National Power

National Power is Britain's largest generator of electricity. On the brink of privatisation, it has worked hard to re-position itself for the competitive marketplace, and is confident of future success. Strong management teams benefiting from increasingly sophisticated financial support will contribute to its winning formula.

With this in mind the new accountant will manage a small finance team within the Engineering Division and will face the challenging brief of developing and cementing the relationship between engineering and finance. Acting as an important communication channel, the accountant will develop and implement new reporting policies and techniques in conjuction with senior management and will be instrumental in helping engineers achieve business targets. He/she will act as a focal point for all financial matters relating to the division and provide input for strategic planning and decision making processes.

To qualify for this key position, applicants must be skilled, professional communicators with a recognised accountancy qualification to support their expertise. Ambition and self-motivation are equally essential, combined with an understanding of large company reporting requirements and project based accounting systems. Please send a full curriculum vitae, salary details and a covering letter to Hilary Douglas quoting reference N4569/8.

KPMG Selection & Search
70 Fleet Street, London EC4Y 1EU

Financial Controller

Milton Keynes — £27,000 + Car

Our client, **Alps Electric (UK) Ltd,** is the successful and expanding British subsidiary of Alps Electric Company of Japan, a world class manufacturer of electronic components.

An opportunity has arisen for a **Financial Controller** to be appointed to take control of the designing and implementation of new systems, and for restructuring and day to day management of the finance department. This position has been newly created and will be instrumental in advancing the future growth of the company.

The successful candidate will need to demonstrate a full and detailed understanding of computerised and manual accounting systems, and of their implementation, particularly in the key areas of costing and stock control, as well as having experience and achievement in a high volume, line production manufacturing environment.

Additionally, he or she will be ACCA/ACMA, and will possess strong personal qualities, including leadership, dedication and excellent communication skills.

For further information on this outstanding opportunity, please contact **Mervyn Dinnen ACA** on (0908) 690880 (evenings and weekends 0908-671007), or write to him at the address below:

ALPS

Financial Recruitment Services
Exchange House, 494 Midsummer Boulevard
Milton Keynes MK9 2EA

Financial Recruitment Services

FINANCE FOR THE FUTURE

c£25,000 + Benefits — Northants

Whitworths Limited, a major division of the Napier Brown Group, is an expanding and successful company within the food processing and packaging industry. Our progressive philosophy of encouraging contribution and change, creates a challenging environment where creative, ambitious individuals can realise their full career potential. Central to our future business strategy will be the appointment of a Commercial Accountant and an Internal Auditor to our team of Finance professionals.

COMMERCIAL ACCOUNTANT

This is a first class opportunity for a qualified accountant with entrepreneurial flair to play a high profile role in the development of commerciality within the organisation.

Working closely with other senior departmental executives, you will provide a financial perspective to the tactical and strategic decision making process. Particular emphasis will be placed on evolving the costing model, promoting a commercial approach to accounting practices and reviewing existing information systems. You will be operating with a great deal of autonomy and so the ability to act on your own initiative is essential.

INTERNAL AUDITOR

To achieve our overall policy of moving the company forward, it is essential that all strategic decisions are based on accurate financial data, underpinned by clearly defined auditing procedures and systems. In the role of Internal Auditor, it will be your responsibility to develop the auditing function from first principles to meet these corporate objectives.

Reporting to the Financial Director, the role calls for the ability to recognise the need for change and to implement it. Objectivity and diplomacy are therefore essential qualities, combined with a professional, practical approach. Ideally a Chartered Accountant, currently operating as an Auditor in a blue-chip environment, you must display the ability to examine the efficiency of the overall business and act in a consultative capacity to provide creative solutions.

Prospects for continued career progression for either position into a wider group role are excellent. The salary indicator of £25,000 should not be a barrier to application as the remuneration package will reflect your skill, expertise and experience.

Please write or telephone for a Personal History Form, stating which position you are interested in to: Mrs. C. Knox, Personnel Officer, Whitworths Limited, Victoria Mills, Wellingborough, Northants, NN8 2DT. Tel: 0933 650318 Ext: 238

Whitworths Limited is an equal opportunity employer and welcomes applications from all sections of the Community.

whitworths
A major division of the Napier Brown Group

Appointments Advertising

appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Jennifer Hudson
071 873 3607

Richard Jones
071 873 3460

Denise Morrice
071 873 3199

Systems Liaison

A broad based management role within Merchant Banking.

Our client is a prestigious UK Merchant Bank which very successfully combines an historical pride with a dynamic, forward-looking approach to business. As a result of an internal promotion we are looking for a Manager to head up a small, close-knit team responsible for providing an in-house business consultancy service throughout the Group. The Department's role, in essence, is to ensure that business users obtain the systems they require and operational areas make optimum use of IT possibilities.

Ideal candidates, probably in their mid-thirties, will be degree holders, preferably with an accountancy qualification, who can demonstrate a thorough understanding of Merchant Banking procedures and experience of sophisticated computer systems in a large multi-user, multi-product, multi-currency environment. Crucial personal qualities include initiative, tact and diplomacy and intellect to ensure immediate credibility at all levels. Flexibility, people management skills and the ability to communicate effectively also feature high on our list of requirements. All of this is a lot to ask of the targeted age group but, in return, our client will offer a salary/benefits package unlikely to disappoint the best.

Please send full career details quoting reference number A3390 to **Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.** Alternatively telephone 071-287 7007 during the working day or 03212 5580 in the evenings. Fax on 071-287 2391.

CJH Codd · Johnson · Harris

مكتبة من الأصل

WEST MIDLANDS — c £35,000 PACKAGE + CAR

Treasurer

The strategic plan of this reputable £30 million manufacturer of advanced electronic equipment is to double in size in 3 years with the introduction of *newly developed products and by increasing exports.*

In coping with the management of these changes, major importance is being focused on establishing an independent treasury function with control over *all aspects of accounting involving cash, credit or* financial management.

You will be a member of one of the 3 major accountancy bodies and have had experience of control over all aspects of cash management.

Experience in the area of exports/foreign exchange is also a key requirement as the company increases its level of activity.

Please send full personal and career details, *including current remuneration level and daytime* telephone number, in confidence to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing *Ltd, 43 Temple Row, Birmingham B2 5JT, quoting* reference JE194.

Coopers & Lybrand Deloitte | Executive Resourcing

Director of Finance

Circa £40k plus performance bonus and benefits

In its efforts to assess and meet *the future health care needs* of the local residents, South Bedfordshire Health has adopted a positive approach to the implementation of the NHS reforms. This post is a key position within the commissioning authority with the postholder playing a leading role in the development of the District's purchasing function.

The Tasks ...

- Ensure value for money contracts for the residents of South Bedfordshire.
- Overall financial control of the District's resources.
- Development of new control systems and Management Information to support service contracting.
- Strategic planning as an executive member of South Bedfordshire Health Authority.

You will have ...

- An understanding of the commissioning process on Health Care.
- Senior management experience in the NHS or similar organisation.
- A track record of sustained achievement.
- *First class communication skills.*
- A professional accountancy qualification.

The Rewards ...

- Excellent salary and benefits plus performance bonus
- Relocation package.
- Lease car.
- Attractive pension scheme.
- 6 weeks holiday.

Interested ...?

- Informal enquiries to:
  Mr D Eaton, Chief Executive on (0582) 37121.
- Information package from:
  District Personnel (0582) 37121 extension 325.
- **Applications in writing enclosing CV to:**
  Mrs J Smith
  Director of Manpower and Organisational Development
  South Bedfordshire Health
  Bute House
  7 Dunstable Road
  Luton
  Bedfordshire
  LU1 1BB
- *CV's to be received no later* than 31 January 1991.

SOUTH BEDFORDSHIRE HEALTH

FINANCIAL CONTROLLER

With Acquisitions Bias

S.YORKS — **c £35K + CAR + BONUS + EQUITY**

Our client is a long-established manufacturer and distributor of a range of market-leading consumer and industrial products. Subject to a successful buy-in 18 months ago, it has benefited from a management restructure, *resulting in a number of strategic acquisitions,* which double turnover to over £150m. The industrial products division, itself poised to make its first acquisitions, now requires a young, commercially-minded accountant to control this growth.

Reporting to the divisional MD, you will assume responsibility for the evaluation of potential acquisition targets in the UK and overseas, and their subsequent integration into the group. A major priority will be the installation and control of a PC-based financial reporting system, enabling the timely production of detailed information for divisional management decision making and group reporting. You will also play a pro-active role in the identification of areas for enhancing profitability *and assume functional responsibility for four business* financial controllers.

A qualified accountant, you will have gained directly relevant experience, in a multi-site environment within a divisional reporting role of a progressive plc. You will have a strong presence and persuasive communication skills - ideally with fluency in French and/or another European language. Travel in the UK and overseas can be expected.

Benefits are excellent and include an opportunity for equity participation as the company heads towards a future flotation.

To respond to this challenge, please address your cv, with the details of salary and current photo if available, to:

***Melinda Hughes, Portland International Management Consultants, Lloyds House,* 18 Lloyd Street, Manchester M2 5WA.**

Portland International
Management Consultants Limited

A MEMBER OF DOCTUS PLC

FINANCE DIRECTOR

ESSEX
£40 to £45k + CAR + BENEFITS

This is a key and influential *appointment in a service* engineering company, mainly trading in the *automotive industry.*

Located on a prime industrial site working in pleasant modern surroundings.

The successful candidate will be responsible to the Board of Directors with full accountability for optimising financial *management, controls and disciplines of the Company's* diverse operations, and Treasury.

Applicants should possess a strong personality, be a fully *qualified accountant,* in the age range 30-45, with a minimum of 3 years experience as a financial and/or treasury director.

Please send full personal and career details in confidence to Jonathan Cohen *at:*

Vandenburghs
CHARTERED ACCOUNTANTS

Latimer Cortilé
329-333 Latimer Road
London W10 6QZ
Telephone: 081-968 0123
Facsimile: 081-968 0134

Manchester — c.£37,500+Car+Benefits

Financial Controller

The Finance Division of one of the biggest commercial groups in the country provides financial services ranging from banking to hire purchase and leasing. It comprises a number of companies of varying size and complexity, and turnover exceeds £700 million.

Developing and profitable, its growth plans call for the appointment of a Divisional Financial Controller, who will take responsibility for all management and statutory accounting for the Division, and for all business information and control systems.

The successful candidate will be aged mid-30s upwards and a well-qualified, computer familiar Chartered Accountant. The holder of this newly-created post will hopefully but not vitally have financial services industry experience. Importantly, the incumbent will be required constructively to bring together the accounting functions of formerly independent companies, and will become a key member of the management team of the Division's consumer and corporate finance company.

We seek a practical hands-on worker with tact, persuasiveness, professionalism and commitment. In return the benefits package will be appropriate to that of a major U.K. organisation.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr P.L. Weigh, Company Secretary, The Great Universal Stores PLC, P.O. Box 99, Universal House, *Devonshire Street, Manchester M60* 1XA, quoting reference P176.

G.U.S. The Great Universal Stores P.L.C.

FINANCE DIRECTOR

Alexon Brands Limited

Alexon Brands Limited is the management board of the retail arm of Alexon Group plc and is responsible for co-ordinating and directing the activities of the three fashion brands of Alexon, Eastex and Dash through two divisional boards.

As part of the continuing strengthening of this board we are looking to appoint an experienced Finance Director.

Responsible to the Alexon Brands Limited Managing Director, the successful candidate will be responsible for the development and implementation of Group financial and D.P. policies through two divisional directors and their relevant support staff.

Applicants must possess a proven track record in financial control and D.P. systems, preferably in a retail environment, together with an ability to work as part of a small team of senior management controlling all aspects of Group retail activities.

An excellent package will be offered to include profit sharing, share options and full benefits package, together with the opportunity to join a newly developing management team.

Write, with full c.v. to:–

MR. VINCE McCOY,
Group Personnel Director, Alexon Group plc,
73 Welbeck Street, London W1M 7HA.

ALEXON

WASSALL PLC

Corporate Development - Assistant to Director

The opportunity exists at the London Head Office for a man or woman to act as assistant to the Director responsible for corporate development at this *diversified industrial group.* The position will mainly involve research and analysis of acquisition opportunities in the UK and elsewhere. The successful candidate will probably be a qualified accountant in their late twenties, preferably with direct experience of investigatory work.

Applicants should write, enclosing a C.V. and passport sized photograph to:

Philip Turner
Director
Wassall PLC
Control House
247 Cromwell Road
London SW5

Wassall PLC

The North Middlesex Hospital NHS Trust

The North Middlesex Hospital NHS Trust will become operational on 1st April 1991. Located in Edmonton and serving the local population, the Trust has in excess of 500 beds and all the services affiliated with an Associated University Hospital.

As a consequence of The North Middlesex Hospital's successful application to acquire self-governing status as an NHS Trust, we are now entering a new phase of innovation and development.

In keeping with this, we are looking for a key Director to join our team in managing and supporting the transition from Health Authority control.

Director of Finance
salary in the range of £32 - £39K

Ref no. AC/101

Your primary task will be to lead the Finance Department in providing advice and central finance services to departments and senior management. You will also be required to fulfil the statutory responsibilities of validating the Trust's annual financial accounts.

The successful applicant will be responsible for approximately 40 staff and will control a revenue budget of £30 million and a potential *operating income of £51 million* for the 1991/1992 period.

For further information please contact Mr Derek Miller on telephone no. 081 807 3071 Ext.3119

Applicants should have some experience of *the management of change within* a large organisation along with a thorough knowledge of the legislation relating to NHS reforms.

We offer an excellent benefits package which includes a lease car scheme, relocation expenses and temporary single accommodation.

If you feel you have the skills and experience to meet this challenging but rewarding post, we would like to hear from you.

We are expecting to interview on the week commencing 21st January.

Application forms and job descriptions can be obtained from The Personnel Department, The North Middlesex Hospital, Sterling Way, Edmonton, London, N18 1QX or by telephoning 081 807 2835 (24 hour answering service), quoting the relevant reference numbers.

Closing date: 21st January 1991

NMH The North Middlesex Hospital NHS Trust

accounting for health

posts for qualified and part-qualified accountants at all levels in the south east

From South London to the coast of Sussex and Kent – if you have financial experience, are fully or part-qualified or are looking for study opportunities you can realise your full potential, accounting for health care *with SETRHA. You will be based within the Finance* Directorate at RHQ, Bexhill-on-Sea, or in one of the 15 DHQ's or Units in our Region.

Career prospects are excellent and we offer an unbeatable package which includes relocation assistance, pleasant working conditions and well structured and progressive training and management programmes.

If you want to work in a dynamic, changing and *challenging environment with plenty of scope for* career development and promotion join us at one of *our Buffet Receptions and meet senior staff who can* give you all the details. Specific interviews can be *arranged at a time to suit you if necessary. Ring* Paula Cook on 0424 730073, ext. 2026, for full details.

MAIDSTONE Post House Hotel, Wrotham	Tuesday 15 January	6pm-9pm
LONDON Charing Cross Hotel	Thursday 24 January	5pm-9pm
EASTBOURNE Queens Hotel	Tuesday 29 January	6pm-8pm

good health needs good financial management!

we are working towards equal opportunities

people for health – health for people

SOUTH EAST THAMES REGIONAL HEALTH AUTHORITY

MACARTHY PLC

GROUP FINANCIAL ACCOUNTANT

C£24K + Car — **Beds.**

Macarthy PLC is a healthcare group engaged in the manufacture, distribution and retailing of pharmaceutical, medical and healthfood related products in the U.K. The Company aims to build a group comprising high quality businesses which are responsive to customer demands and have significant shares of the markets they serve.

At our Group Headquarters in Leighton Buzzard we are currently seeking to recruit a bright young Financial Accountant to join our Finance team. The successful applicant *will assist the Group Chief Accountant in providing financial information on the Group's* operations, compiling the statutory accounts and returns, and undertake ad hoc investigations.

The ideal candidate will be a recently qualified Accountant (1 year Post Qualification Experience), with good 'hands on' personal computer experience who can demonstrate commitment, drive and determination to help the Company achieve its *aims and ensure its place in the market. The position offers excellent opportunities* for further advancement within the Group.

In return we offer an attractive salary and benefits package. If you feel that you can take up our challenge, then please in the first instance, forward a full C.V. to Mrs. A. McCarthy, Personnel Department, Macarthy PLC, Delta House, 33 Hockliffe Street, Leighton Buzzard, Beds. LU7 8EZ.

ACCOUNTANCY RECRUITMENT CONSULTANT

London

OTE £45k including excellent basic (20/22k) + Generous bonus + Company Car + Bupa + Pension.

One of London's most prestigious consultancies, urgently needs excellent consultant, aged 24/30 with 2 years experience placing qualifieds in Industry and Commerce. Exceptional business opportunity.

Telephone Tim Rodda on
071 872 0000
AMA PLC REC CONS

Chief Accountant

National Charity

c.£25,000

A long established Christian Charity based in North London which provides homes and holiday facilities for disabled people, is looking for someone to succeed to this post on the retirement of the Accountant. The work includes supervision of the accounts department, internal audit of accounting at homes, budgets, final and *management accounts and liaison* with local authorities.

Candidates must be qualified accountants, computer literate, probably aged late 20's to early 50's and possess the managerial qualities to justify promotion in due course. They must be in sympathy with the Charity's evangelical Christian standpoint.

Please apply to: Sir Timothy Hoare, Career Plan Ltd., 33 John's Mews, London, WC1N 2NS.
Tel: 071-242 5775, Fax: 071-831 7623.

Career plan LIMITED
Personnel Consultants

The Top Opportunities Page

Appears in the Financial Times every Wednesday

For further information please contact

Elizabeth Arthur
071-873 3694

Stephanie Spratt
071-873 4027

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